"The first of the good lands and countries which I, Ahura Mazda, created, was the Aryana Vaijo . . ."

Vendidad, I, 3, (5)

IRAN TO-DAY

BY

A. B. RAJPUT, M.A.

Imperial Iranian Order of Merit (Nishan-i-Sipas) 1951;
Author of "Muslim League Yesterday,"
"Cabinet Mission, 1946," "Constituent Assembly"
"Punjab Crisis & Cure;" etc., etc.

WITH A FOREWORD BY

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To

THE GREAT IRANIAN NATION

DEDICATED

WITH LOVE, DEVOTION AND RESPECT

از تو ای دوست نگسلم پیوند　　ور به تیغم برند بند از بند
الحق ارزان بود زما صد جان　　وز دهان تو نیم شکر خند
پند آنان دهند خلق ایکاش　　که ز عشق تو میدهندم پند

PREFACE TO THE THIRD EDITION

This edition of *Iran To-day* was called for in 1951, but owing to far-reaching changes that Iran had undergone since the appearance of the second edition in 1946, the book had to be re-written almost in its entirety, and brought up-to-date. Besides, the burning question of the Iran Oil was in the melting pot, and events in this connection had to be gauged in their proper perspective. The revision of the book, therefore, dragged on for well over a year until the first of November 1952, when the Iranian Government finally decided to break off diplomatic relations with the British Government. The present edition of the book, therefore, traces events in Iran up to November 1, 1952, which is considered as a landmark in the Iranian diplomatic history.

In the preparation of this edition, I have utilized to the best advantage all first-hand statistical information, material and documents made available to me through the courtesy of the Iranian Government, as well as reports appearing in the press through Reuter, A.F.P., A.P.A., U.P.A., Keesings Archives and other sources to each one of which I acknowledge my gratitude. Thanks are also due to *Dawn*, Karachi, for enabling me to reproduce a passage from Mr. Zarnigar's *Tehran Diary* on the oil question. I have also to acknowledge my deep debt of gratitude to the editors of the Statesman's *Year Books* whose valuable statistical data on Iran have come very handy in

the compilation and comparison of facts and figures in the present volume.

I must also thank my friend Dr. M.H.M. Faraydani, Cultural Counsellor with the Imperial Iranian Embassy, Karachi, for using his good offices in procuring relevant material for me from his Government, and for his writing the *Foreword* to this edition. Dr. Faraydani has been very actively helping me with his valuable advice and material at almost every stage during the course of the revision of this edition.

Sheikh Abdul Latif, my publisher, has once again taken great pains in the printing of this edition by getting almost all blocks newly made for the book, and giving it an absolutely new shape. His effort is, indeed, very commendable and I am confident that my readers will appreciate this fact by comparing the previous editions of this book with the present one.

A.B.R.

2, State Hotel,
Karachi-3 (Pakistan).

FOREWORD TO THE THIRD EDITION

In spite of the diverse and vast complexities of modern life, made more complex by interplay of economic and historical processes, there live today, hundreds of thousands of people in Pakistan whose keen interest in the history of Iranian culture and civilization has not abated, whose genuine love for the Iranian fine arts and literature has not diminished, and whose ardent adoration of Sa'adi, Hafiz and Khayyam has not suffered in intensity.

One of those lovers of the Iranian art and culture is Mr. Allah Bakhsh Rajput, who has to his credit a number of works, establishing, beyond doubt, his reputation for intellectual pursuits, scholarly habits and quick understanding.

The present book 'IRAN TO-DAY' which is originally an expansion of the paper read by Mr. Rajput at a meeting of the Islamic Research Association, Delhi, on March 21, 1945, is running into its third edition which speaks well of the popularity that the book has enjoyed.

A remarkable improvement will be noticed in this edition. Those who are interested in Iran and wish to add to their knowledge, will find this book interesting and informative. The language is simple and easy to grasp. The author has really taken pains in collecting the latest data and statistics which have made this book a real success. It is indeed Iran 'in a nut-shell' :—

(1) The book deals with the social and cultural aspects of Iran and her contribution to

the world of religion and culture and her association with her neighbours—especially Pakistan and Bharat.

(2) It contains most up-to-date and authentic information about the people and the economy of Iran hitherto not available anywhere in a comprehensive form.

(3) It tells a complete story of the Iranian Oil dispute based on original documents traced to the 1st of November, 1952—the date which marks complete severance of diplomatic relations between Iran and the U.K., and the final close-down of the diplomatic representations of U.K. in Iran.

(4) It throws ample light on the various phases of modern Iranian life.

The book has already been acclaimed in the world Press as 'one of the illuminating works ever read on Iran.'

The author is not only interested in Iranian problems as a mere research scholar, but he cherishes a genuine love for the people and the country with which his book deals. It may be added that in appreciation of the services rendered to Iran through this very book, the Iranian Ministry of Education has honoured him with 'NISHAN-E-SIPAS' which Mr. Rajput is the first Pakistani to receive.

Mr. Rajput deserves to be congratulated on his unique achievement.

M.H.M. FARAYDANI,
Cultural Counsellor,
Imperial Iranian Embassy, Karachi.

INTRODUCTION

The history of cultural relations between India and Iran can be traced to pre-historic times; yet ever since the downfall of the Mughal Empire, the people of India, with a few exceptions, have ceased to take an enlightened interest in the affairs of Iran. This indifference has been unfortunate, because Indian history is, at times, unintelligible without an understanding of Persian history.

The visit of the Iranian Cultural Mission to India has awakened some interest in Iran. The Government of India has constituted a standing committee for the cultivation of closer relations with the land of Hafiz and Sa'adi. Other circles, too, have shown a new interest in the affairs of Iran.

A small group of educated Muslims, organized as the Islamic Research Association of Delhi, requested one of their members, Mr. A. B. Rajput, to read a paper on Iran. The nucleus of this book was read before that Association in the form of a paper. Mr. Ali Motamedy, the Iranian Consul-General at new Delhi was present by special invitation, and he was good enough to participate in the discussion and answer a number of questions. At his suggestion the author undertook to expand his paper and this book is the result.

I feel confident that this book will succeed in arousing interest in the progress made by Iran during the last two decades, and I hope that a new interest in Iran will lead to a closer co-operation with that great country.

University of Delhi, I. H. QURESHI.
the 10th May, 1945.

PREFATORY NOTE

Iran To-day was originally written for the occasion of the *Nauruz* festival this year at the suggestion of a number of friends, and at a very short notice. The paper was read on that day at a special meeting of the Islamic Research Association, Delhi, held under the Presidentship of Khan Bahadur M. Zafar Hasan, O.B.E. After the meeting it was suggested that the paper should be expanded into a book, but owing to the scarcity of paper, it was not possible to expand it to the extent desired by my friends. I, therefore, present *Iran To-day* in a slightly improved form only. I am fully conscious of the deficiencies, but I crave the indulgence of the reader for the reason that the book has been written under great difficulties.

For the production of the present work, I have to thank Aqai Ali Motamedy, Consul-General for Iran in India, for encouraging me to write about modern Iran, for supplying me with the latest information about the country and for his very kindly writing the Foreword. To my revered teacher, Dr. Ishtiaq Husain Qureshi, Head of the Department of History in the University of Delhi, I am highly obliged for a number of valuable suggestions and for writing the Introduction. To Col. Wheeler, Director, Publications Division of the Department of Information and Arts, and Mr. Greaves, his able Production Officer, I am thankful for the kind loan of most of the photo-blocks reproduced in the book. To Diwan Sahib Khem Chand and Professor A.S. Ahsan, I am indebted for advising

me regarding the plan and the general get-up for the book. To M. Hifz-ur-Rehman, M. Hafizullah, and Mirza Aziz Beg, the Treasurer, Secretary, and the Publicity Officer, respectively, of the Islamic Research Association, Delhi, I am grateful for their kind help in various ways.

I have also to thank the Director-General of Archæology in India for his kindly permitting me to publish this work in the present form, and the Meteorologist, Karachi, for supplying me with the latest available rainfall figures appended in the book.

Lastly, I must thank my most energetic friends, Messrs. K.A. Alam, Mohammad Siddique of 'Bhogals,' and Ch. Sultan Ali of Khalchian in making necessary arrangements for printing, and Mr. S. A. Latif of the Lion Press, Lahore, for piloting the matter through the press.

Library Road, A. B. R.

Delhi, the 10th May, 1945.

N. B.—The Royal Iranian insignia of *Sher-o-Khurshid* (the Lion and the Sun) is reproduced on the cover of the book with the permission of the Consul-General for Iran in India.

PREFACE TO THE SECOND EDITION

Iran To-day had quite an unexpected reception almost everywhere in India and even abroad, and in this connexion I was favoured with very encouraging press-reviews and personal notes from people of various occupations connected with, or interested in, Iran in any way. I take the opportunity to thank all those friends and well-wishers and present herewith a revised, enlarged and up-to-date edition of the work prepared in the light of their advices and requirements.

A new chapter entitled *The Indo-Iranian Relations*, and a number of useful notes for tourists have been added in this edition. A large number of new illustrations have also been included in the book, and the cover-design has, too, been improved on the advice of Mr. A.P. Greaves, Production Officer, United Publications, Government of India, for which I am highly obliged to him.

In the end, I acknowledge my deep debt of gratitude to Aqai Ali Motamedy, Consul-General for Iran in India, who has indeed been extremely kind to me in giving many of his precious days in revising the entire book and advising at every step for the improvement of the work. I am confident that the reader will find a marked improvement in the present edition and will favour me with his personal advice for any further improvements required in this work.

C/o Delhi Museum,
Fort, Delhi (India). A. B. R.

CONTENTS

LIST OF ABBREVIATIONS

A.G.D	*Administration Generale Des Dounes, Report.* (Tehran, 1945)
A.G.Y.	*Ajanta, by G. Yazdani, 2 parts.* (London, 1930-3)
A.M.B.	*Aamar-i-Saliana-i-Bazargan-i-Iran. Statistique Annulle Du Commerce Exterior De Iran.* (21 *Mars.* 1949 to 20 *Mars.* 1950) *Persian Edition.* (Tehran, 1951)
B.M.B.	*Bank Melli Iran, Bulletins No.* 108, *Vol. XVIII, No.* 99, *Vol. XVII, and No.* 110, *Vol. XIX.* (Tehran, March, April & May)
E. H.	*Iran in the Ancient East, by Ernest E. Harzfeld.* (Oxford, 1942)
E.S.	*Modern Iran by L. P. Elwell-Sutton.* (London, 1944)
G.B.I.	*Guide Book on Iran, by C. H. Ebtehaj, Ministry of Interior, Iran.* (Tehran, 1935)
Geo. III	*Kitab-i-Jugrafi, Sal-i-Seom, Ministry of Education, Iran.* (Tehran, 1940)
Geo. IV	*Kitab-i-Jugrafi, Sal-i-Chaharum, Ministry of Education, Iran.* (Tehran, 1942)
I.I.	*Iran-i-Iqtesadi; by Rahim Zadeh Safavi.* (Tehran, 1929)
N.A.K.	*Nashria-i-Aamar-i-Kishwar, Official Report of the Department of Census and Statistics of the Home Ministry, Iran.* (Volume 1, No. 2, Tehran, 1951)
P.N.H.	*Pliny's Natural History (Translated).* (London, 1942)
T.I.	*Tarikh-i-Iran, by Abdullah Razi Hamadani.* (Tehran, 1929)



HIS IMPERIAL MAJESTY MOHAMMAD REZA PAHLAVI
Shahinshah of Iran.

I

Iran

IRAN is one of the most romantic lands upon the surface of the earth. The very name 'Iran' or 'Persia'[1] at once brings to one's mind a galaxy of fabulous and hoary names like those of Zoroaster, Darius, Naushirvan, Firdausi, Umar Khayyam, Saadi, and above all Hafiz with his purple wines of Shiraz, ethereal music, fairy dances and lovely maids blossoming into the first spring of their youth. Iran boasts of a very ancient culture, and the more we study its history and archæology, the better we are convinced[2] of her claim. Iran appears to have been one of the early seats of the Aryan tribes which thence spread out over her neighbouring lands reaching the Indo-Pakistan Sub-Continent

1. Iran is the proper name of the country about which lithic records from the earliest times also bear testimony. In *Avesta* (Vend: 1, 3, 5), it is called *Aryan Vaijo* or the land of the Aryans. The name of the country was officially changed from *Persia* to *Iran* on March 21, 1935, on the instructions of the late Reza Shah Pahlavi the Great, on the grounds that the name *Persia* was strictly speaking, associated only with the southern province of Fars and was not, on geographical, historical, or ethnographical grounds, applicable to the whole country. On October 26, 1949, however, it was officially announced in Tehran that instructions had been sent to all diplomatic missions abroad to use the name *Persia* or *Perse* instead of *Iran* as the official designation of the country in foreign languages. It was explained that this instruction had been sent in view of the fact that mistakes had occurred, especially in the economic and commercial fields, owing to the resemblance between the name *Iran* and that of the neighbouring country of *Iraq* and that for this reason it was desirable to resume the former nomenclature of *Persia* in the field of foreign relations. (*Ref.*, Keesing's *Contemporary Archives*, p. 10315 B.).

2. See E.H. for details.

in the east and Europe in the west. Further, this land has been extremely fertile in raising new religions and philosophical beliefs. Zoroastrianism, Mithraism, Manichænism, Mazdakism, Shiaism, and Sufism are no unworthy contributions which Iran has made to the world of religion and philosophy. Next, the eternal contributions of this country to the arts, architecture and culture in general are in no way less enviable.

The famous tourist Chardin, who visited Iran during the time of Shah Abbas the Great in the sixteenth century, calls Iranians as 'the most civilised people of the East'; while about the undying cultural influence of Iran since time immemorial, we learn from Philips Price that Iran "has been the track for races moving from the farther parts of Asia through the southern 'gateway' into Europe. . . Persia has succeeded in assimilating the invaders to herself, and passing the newly-formed humanity on to the West. It has, therefore, played a very important part in the history of the peoples inhabiting the southern 'gateway' . . . Throughout all the ages, in spite of the Greek, Arab, Mongol and Tartar invasions and devastations, Nature through the agency of the fertile oases has restored to Iran the damage inflicted on her by man, and has given the Persian that material wealth which has enabled him to build up a culture of undying fame. Every foreign race that has subdued Persia politically has within a short period become culturally assimilated to her . . . Iran has always been the creator of

abstract ideas, philosophies, mysteries and schools of thought, which she has sent forth to the East and to the West."

Thus, her old civilisation affected both the East and West by its political, social and cultural influence in no small degree.

To give an example, even the English language is indebted to Iran for many a word of everyday usage and common occurrence like: *bad* (بد), *better* (بهتر), *door* (در), *bazaar* (بازار) *jungle* (جنگل), *khaki* (خاکی), *moon* (ماه) *sugar* (شکر), *officer* (افسر), *caravan* (کاروان), *caravanserai* (کاروانسرای) *candy* (قند) *lemon* (لیمو), and *paradise* (فردوس) ; names of flowers, plants and herbs, like *jasmine* (یاسمن), *narcissus* (نرگس) *lilac* (نیلک) *saffron* (زعفران), *hena* (حنا) : animals and beasts like *gazelle* (غزال), *jackal* (شغال) ; and even numerals like *two* (دو), *six* (شش), *nine* (نه), etc.

Iran has, thus, since the very dawn of history, been the torch-bearer of culture and progenitor of languages, arts and crafts. The Iranian enamel work, miniature-paintings, silks and carpets are known all over the world for their beauty, fineness and high artistic value. The cultural and trade relations between Iran and Indo-Pakistan Sub-Continent have been of special interest. We can trace this contact since the prehistoric times, say, from about 3000 B.C.—a date when, as modern research has revealed, flourished the great Indus Valley Civilisation. Here, from the archæological relics, we find distinct traces of a cultural affinity

between Pakistan and Iran, particularly northern Khurasan. This contact between the two countries continued throughout the long span of historical times. Many Persian envoys visited this land* and exchanged gifts of interest and articles of pleasure like the chess with the *nard*, and the dancers, artists, physicians and philosophers with our soldiers, sages and sacred books. We next see the rise of the great Achæmenian Empire in Iran whose famous members—Darius the Great, and Xerxes—actually ruled over the North-West Forntier of Pakistan and parts of the Punjab and Sind. During this age the two countries exercised a long and lasting influence upon one another. The architectural, linguistic and religious contact became very distinct and appreciable. Next comes a span of the legendary period. Here again we see a mutual intercourse in the visit of Bozurg Mehr to the Sub-Continent; the marriage of a local prince's daughter with Behram Gur, and discourses of Naushirvan with Indian sages. Then followed the diffusion of Buddhism into Iran from Pakistan. After this the Islamic period in the Sub-Continent owes a great deal to Iran in culture, social life, language, religion, customs and manners. We find a flood of information upon each of these aspects from the accounts of the reign of almost every king in this period right from the Ghaznavids down to the decline of the great Mughal Empire. During this period the people of the Sub-Continent become more and

**See* A.G.Y., Part I, plate XXXVIII and relevant note.



HER IMPERIAL MAJESTY QUEEN SORAYA OF IRAN

more Iranian almost in every walk of their life. Persian language dominates the court and the street; Firdausi, Maulavi Rumi, Saadi, Hafiz and Jami become words of everyday talk, while Nauruz, Mihrgan, and Khurramruz find important place among local festivals. Religious ideas infiltrate to Pakistan and India; mystic schools like those of the Chishties, Qadiris, Naqshbandis and Suhrawardis find a fertile field and a congenial atmosphere in India. The Mughal Empire shows the Indo-Persian blend at its height: artists, engineers, architects, town-planners, garden-layers, painters, poets, damsels, nautch girls, boys, slaves, wines, musk-melons, pomegranates, grapes and other things too numerous to mention come to this land in huge caravans. The court glitters with Persian jewels—generals and scholars, the palace smells the wines of Shiraz, the harem resounds with the silver-belled giggles of the Persian beauties, and the bazaar outshines the markets of the East with Persian merchandise. Traders in these neighbouring lands find a brisk market. The people, thus weave out the Persian ways of living for themselves; they don the Persian *jubbah* and the *ammamah*, relish *biryani*, *kabab* and *shami* upon the *dastar-khwan*, squat upon Persian carpets, recline against the ballooned bolsters and enjoy the noble verses of Saadi and Hafiz. They left us, thus, a rich heritage of the eternal bonds of friendship and fraternity between the two lands—"nations that have, in the past, so generously and liberally contributed to each other's culture and civilisation."

With a population of about 19,000,000 souls and an area of about 680,000 square miles, Iran offers today a huge field for the establishment of a trade-link with Pakistan. There are untold possibilities for the development of the country's mineral, agricultural, and industrial resources. Bright prospects, thus, lie in store for an enterprising spirit in the virgin fields of coal, iron, copper and lead mining ; silk, jute and textile industries or sharing in still bigger projects like the railways and roads construction, irrigation, electricity and town-planning schemes. The country offers an open sesame to the trader, the capitalist, and the industrialist alike. The Iranians are very hospitable, intelligent, helpful and friendly towards foreigners, especially Pakistanis. Thus, by reviving the old contact with her neighbours, Iran today lays the foundation of her happiness and prosperity in the post-War world, and let us hope that she attains her due prominence in the economic sphere of tomorrow.



Mount Damavand
(Photograph shows the peak encircled by a cloud)

II

The Land

THE country of Iran, situated between 26 and 40 degrees North, and 44 and 64 degrees East, lies upon the great highways of Asia, leading from China, Central Asia[1], Afghanistan and Pakistan to Russia, Iraq and the western world. For ages its towns have bustled with traders of diverse nationalities, with cart-and-camel-loads of the wares of the east and the west. There, in Iranian markets, they met and exchanged their respective commodities. The geographical position of Iran, naturally, favoured her becoming an 'exchange-centre' for the eastern world. Chinese merchants, travelling from different trading towns of their country by the famous "Silk Road," never went beyond Iran, although the Chinese silk found its way to the palaces of the Roman and Greek emperors of Europe[2]. Likewise, merchandise from the Indo-Pakistan Sub-Cotinent and the south-eastern lands used to be carried up to the Iranian marts by the land or sea-routes, and thereafter the merchants did not feel inclined even for palpable profit to go beyond their established business centres of the country. These trade-links have affected the country in

1. See *Silk Road,* by Sven Hedin (London, 1939), *p.* 231.

2. I. I., *p.* 102.

various ways, about some of which we shall deal shortly.

A glance at the map will show that the Iranian plateau lies between two narrow strips of water,—the Caspian Sea in the north, and the Persian Gulf in the south. Geological experts are of the opinion that the Caspian Sea, like the Mediterranean and the Black seas, formed at one time a part of the great ancient ocean called Thetys[1], which as the result of a great geophysical disturbance, got divided into numerous strips and brought out the Alps, Caucasus, Alborz, and the Himalayan ranges on the surface of the earth. By this disturbance the waters of the Caspian Sea and the Persian Gulf were disunited, leaving their traces, here and there, upon the sands of the Iranian plateau. In the south, Iran was connected with Arabia, but with the recession of the Indian Ocean it got disunited and separated by the formation of the Persian Gulf between them. Further disturbances after the formation of the Iranian plateau, mostly of a volcanic nature, widened the Gulf between the two lands.

Iran to-day is 680,000[2] square miles in area, and comprises 1/197 of the surface of the globe, or 1/17 of that of Asia, or more than three times the size of France and six times that of Great Britain. Its length from Gwater in the south-east to mount

1. Geo. III, *p.* 200.

2. From *A Short Survey of Economic Conditions of Iran*, (Tehran, 1945), *p.* 6.

Ararat in the north-west is 1,380 miles, and breadth from Sarakhs in the north-east corner to the north of Shatt-el-Arab in the Persian Gulf is 875 miles. The country possesses natural boundaries of mountain ranges of Khurasan and Alborz in the north, the Hindukush and the Suleman in the north-east and east respectively, the Zagros and the hills of Kurdistan in the west, and the coastal hills of the Persian Gulf and Baluchistan in the south and the south-east respectively. About two-thirds of the total land is either mountainous or salsaginous and desert regions, and of the rest only a fifth is actually under any kind of cultivation*. But fortunately for Iran, its desert area is more valuable for its natural resources, of which we shall speak in Section V. On the whole, the country is not very fertile. The interior is a huge barren desert, with biting cold during winter and scorching heat during summer. When we go up from the Gulf towards the capital in the north, we cross the plateau studded with scorched and treeless hills interspersed occasionally with small plantations forming oases where villages and towns exist.

In the absence of its being in proximity of an open sea, the plateau of Iran lacks in humidity on the one hand for its falling beyond the reach of the moist sea-winds, and on the other for its being intensely affected by the dry local winds. The mountains standing high around the country also form a barrier against the infiltration of any

*Ibid p. 8.

moisture towards the plateau. Besides, the high altitude of the Iranian plateau, and the nature of its soil with an excessive proportion of lime and salts helps a good deal in making the country dry. With the exception of the Caspian watershed and that of the Rezaiye basin, the country has probably in no part a yearly rainfall exceeding 13 or 14 inches, and throughout the greater part of the central and south-eastern Iran the yearly rainfall is probably under 6 inches. Along the shores of the Caspian the average precipitation is from 20 to 30 inches; along the Persian Gulf, in spite of meagre precipitation at certain seasons, the climate is very humid.

Climatically Iran can be divided into four distinct regions :—

(1) *The Caspian Region.*—The green ribboned valley running along the border of the Caspian Sea in the north, and stretching down as far as the giant range of the Alborz mountains in the south. Herein the northern winds, loaded with heavy vapours of the Caspian Sea, break against the Alborz heights and relieve themselves off by pouring down their waters. The area, thus, enjoys an extraordinary amount of rainfall, and one finds large-scale cultivations, and gardens and orchards teeming with trees laden with fruits and flowers throughout its expanse. The green fields are followed further south by an ever-increasing foliage and shrubbery of the veritable jungle along the Alborz range 'encompassing the whole of



Sheep and Goat breeding is a popul
profession in the Caspian border lan

Mazanderan and Gilan. The jungle, semi-tropical in character, filled with the incessant chattering of millions of bright-plumed birds of innumerable varieties......has its origin in the peculiar atmospheric conditions brought about by the conjunction of the high Alborz mountains with the Caspian Sea.' The climate of this region resembles that of the Mediterranean areas. Gilan, Mazanderan and Gorgan are the three provinces comprising this region where most of the country's agricultural and industrial products like rice, tobacco, cotton, flax, jute and tea are grown. A very large number of mulberry trees also grow in this area. These are of great use in rearing silkworms. The Alborz forests supply most of the timber used in this country. Ash, beech, box, cypress, elm and oak are the commonest trees. Among the fauna we find fox, hare, jackal, wild ass, mountain goat, deer, gazelle, hyena, porcupine, lynx, leopard, wolf, tiger and even wild boar. The Caspian region is famous for the most valuable varieties of fish in the East. The best known, however, are carp, salmon, perch, pike, and strugeon from which the delicious caviare is prepared and exported from there to different parts of the world. Trout of a fine quality is found in some of the rivulets and streams.

(2) *The North-Western Region.*—Starting from Arax river at the foot of the Caucasus mountains in the north, this region extends over the provinces of Azerbaijan, Kurdistan, Hamadan and Luristan down to Khuzistan. The country is studded with

mountains affording rich pasture lands on slopes, and fertile valleys yielding abundant crops. Besides cattle-breeding, this part of Iran is important for the production of cotton, tobacco and cereals. Rivers Arax in the north and Karun in the south are the main sources of irrigation in this region. The climate is temperate. The region is rich in mineral resources, especially oil. A number of oil wells have been worked in Luristan, and a refinery has been established at Kermanshah, the capital of the said province.

(3) *The Great Iranian Plateau.*—It extends from the wall of the Alborz in the north to the Zagros ranges in the west, and embraces the Afghanistan and Pakistan borders in the east. It is a great desert area of about 150,000 square miles whose dryness and salinity militate against the possibility of any growth of vegetation. The mountainous regions in the north and the north-east get only an occasional shower of snow-flakes which serves to cover the slopes with a carpet of verdure ; but further south the main table-land envelops you with the bleak and barren atmosphere of the desert created by its rugged, sunbaked and treeless form, with huge salt areas scattered here and there. The country is completely barren with the exception of a few oases having date-palms, acacias or wild shrubs. But, as mentioned above, this area is of great importance for its mineral resources like iron, copper and lead mines in the north, and oil-fields in the west and the south-west.

(4) *The Gulf Area.*—This narrow strip of land is sandwiched between the southernmost hills of the great Iranian plateau and the coast of the Persian Gulf. It is nearer the tropics, the sea tempers its weather and makes it hot, damp and sticky, often conducive to the development of malaria. The population is sparse. Precipitation is low. The soil is rich; the south-western area is alluvial, and owing to the existence of a number of large streams, it is being intensively cultivated. Its chief products are wheat, sugar-cane, tobacco, cotton, opium, dates, and *hena* leaves. The south-eastern extremity of this region is barren, and is occupied by the Baluchi nomads only. Gazelle, fox and jackal are the wild animals, and water-fowl, goose, duck and partridge are the usual game birds met with in this area.

Taken as a whole, the climate of Iran, with the exception of the Caspian and the North-Western regions, is dry*. Precipitation is very low, and is almost extinct for eight months in the year. The climate, therefore, is very hot during summer and equally severe during winter.

*Geo. III, p. 229.

III

The People

IRAN has, since the very dim past, been the habitat of man. It has been conclusively proved from the tools and implements found from the hills of the southern Iran that human beings existed in this part of the world before the dawn of history. From the graves of the black-skinned men found in the Alborz mountains, a number of anthropologists are of the opinion that in prehistoric times, when the climate of Iran was very hot and humid, the region was inhabited by a negroid race ; but thereafter more civilised races like the Sumerians and the Elamites, and the Assyrians and the Babylonians appeared respectively in the south and west of Iran. It appears further from the archæological evidence that the Sumerians existed in Iran somewhere about 3000 B.C. It also appears that there existed a contact between Sumeria and Elam with the trans-Caspian culture, and for this reason it is considered that the Sumerians came down towards the Persian Gulf and Babylon probably from the north.

The name 'Iran' bears etymological affinity with the word 'Aryan'. Antiquarians are of the opinion that the Aryan tribes inhabiting the great plateau of Central Asia began a southward move-

ment into Iran in the late 15th or early part of the 16th century B.C. Unlike other prehistoric migratory tribes, the Aryans had two peculiar traits in themselves,—their movement was in successive waves of migration from their original home towards the south-east and the west, continuing down to the 8th or 9th century B.C., and their action after conquering the local population in the new lands was constructive rather than destructive. They settled there with their belongings, making new homes for themselves. They introduced the horse into Iran, which they had domesticated in their Central Asian steppes, and engaged themselves in agricultural and pastoral pursuits in their usual course. The most famous of the Aryan tribes inhabiting the Iranian plateau were the Medians and the Persians. In 612 B.C. there arose the Median Empire which brought all other tribes under its suzerainty. "The Median supremacy was comparatively short-lived, for during the 6th century B.C., the other branch of the Aryan invaders began to come into prominence and to thrust out in either direction."* The Persians are regarded as the real ancestors of Iranians since it was under them that Iran first became a great nation. The first Persian chief of the region was a certain Hakhamanish or 'Achæmenes.' Hence the name Achæmenian has been given to the rulers of this line. It was Cyrus the Great of this dynasty who completed the conquest of Media in 550 B.C. Darius the Great and Xerxes were the other well-known rulers of this

*E. S., *p.* 18.

house, who by their great cultural contribution perpetuated the sovereignty and supremacy of Iran for years to come.

A new racial element was introduced into Iran after its conquest by Alexander in 330 B.C. It was the Greeks, whose cultural contribution gave a new colour to the great Iranian civilisation which henceforth evolved the famous Perso-Greek schools of art and thought. This embracement of the two ancient cultures greatly helped in giving a new life and wider field of activity to the Iranian philosophers, thinkers, artists, painters and architects.

During the regime of the Sassanids, Iran attained great prominence and importance, inasmuch as her cultural influence dominated both the Eastern and the Western worlds. The Sassanian Emperors went shoulder to shoulder with Roman Emperors, and a great portion of their Empire extended over the Near and the Middle East. Of the famous emperors of this house, we know of Behramgur, Naushirvan the Just and Khusro-Parvez to whom the well-known romance of '*Shirin-Farhad*' is attributed.

The great Sassanian Empire came to an end in 632 A.D., when Iran was conquered and amalgamated with the Islamic Empire by the Arabs; but the fact remains to be noted that the victor was literally subjugated by the vanquished by his superior culture, for evidently the Islamic Caliphate not only borrowed most of the Iranian



Ruins of Persepolis
(Engraving in high relief on the Walls of the Great Hall).

principles of administration and introduced them in their dominions and territories, but also brought in the customs and traditions of the Iranian emperors to maintain the pomp and splendour of their *durbar*. Thus, even the festival of Nauruz, which was a national ceremony of the Iranians, was celebrated with great solemnity and reverence in the courts and harems of the Caliphs. Besides, we find that it was the fine arts and crafts of Iran like the music, paintings, mosaics, miniatures, jewellery, carpets, pearl-strung and gold-embroidered awnings and silks of variegated hues with which the proverbial grandeur and splendour of the great centres of the Islamic Empire like Baghdad, Damascus and Cairo were embellished, and it was the same Iranian culture which spread at the hands of the Arabs to the gates of Spain and France. In this connection, the well-known English Orientalist, E.G. Browne, writes in the course of his famous *Literary History of Persia :* "Politically Persia ceased for a while to enjoy a separate national existence, being merged in that great Mohammadan Empire which stretched from Gibraltar to the Jaxartes, but in the intellectual domain she soon began to assert the supremacy to which the ability and subtlety of her people entitled her." Thus, in the *durbars* of the Caliphs of Islam thousands of Iranians were appointed to posts of responsibility and importance, and countless amongst them took a prominent part in the domain of the sword as well as that of the pen. During this period a number of important Persian books were translated from

Pahlavi into Arabic, and became, thus, a source of pleasure and profit to the people outside Iran. Of these, mention may be made here of some important books like *Khudai Nama* and *Kitab-at-Taj* which are the Arabic translations of Pahlavi books,—one on the life of Naushirvan, and the other, entitled *Kitab-i-Muzdak*, on the life of Muzdak. Likewise, a large number of books concerning the ancient history and mythology of Iran, like *Hazar Afsaneh*, which was the basis of the renowned *Arabian Nights* or *A Thousand And One Nights*, were translated into Arabic, and introduced to the world at large.

Many of the Iranian scholars and writers also contributed a fairly large number of books in Arabic on the grammar and prosody, the principles of Islamic theology, and the institutions of Islamic society and culture.

But this quasi-political domination of the Arabs had hardly grown a couple of centuries old when the glory of their past splendour excited the Iranians to fever-heat, and their leaders and nobility declared their independence from the different nooks and corners of the country. The Iranians, thus, suddenly threw off the yoke of their subordination to the Caliphs and established an Islamic Empire of their own in Iran which had nothing to do with, and was separate and distinct from the rest of the Arab Caliphate. It is true that the area of the Islamic Iran did not at any time attain the extent of the pre-Islamic Iranian

Empire, but still when we look at the map of the time when the Iranian Kings were at the height of their power in this period, we find that the limits of their territories embraced quite a large area which, in the East extended form the farthest point on the soil of Turkestan and Khwarazm, covering portions of Afghanistan and Pakistan down to the Oman Sea, and in the West stretched from Caucasia, covering Armenia and a portion of Mesopotamia to the Persian Gulf in the South. In this extensive area, Persian language, sciences and arts once again attained predominance, and the pomp and glory of the Persian Empire once more attained such heights as to attract the attention of many a European power, especially during the 16th and 17th centuries.

It is the same period wherein we find a wave of foreign travellers and traders from countries like Portugal, France, Netherlands, Italy and England coming to Iran and introducing the beautiful products of this country in the various parts of Europe. Henceforth diplomatic and political relations between Iran and the European countries were also established. Again, it was in the same period when an equally great empire arose in splendour in the Indo-Pakistan Sub-Continent and relations between these two great Oriental Empires were established to such an extent that the science and culture of Iran dominated the entire life of the people of this land. The Persian language became the language of the court and of the common folk in this land, and as pointed

out in Section I of this book, the Pakistani and Indian poets and writers began to express themselves in Persian verse and prose. Further details in this respect are beyond the scope of the present book.

It may be mentioned here that the post-Islamic Iran was not immune against misfortunes and calamities for, the continuous inroads and invasions of the tribes like the Turks, the Mongols, the Uzbegs and the Tartars brought in their wake such an unlimited destruction and devastation to Iran as it would have been sufficient to annihilate for ever any other strong nation in its place ; but as it has already been said, the strength of the moral and intellectual power of Iran had been established at such a high level that whosoever overran or occupied it, had either to quit its territory or get himself merged within the Persian civilisation and culture, and thus lose his identity.

The Persians in Islamic period rendered great services to humanity in the fields of science and literature, and in fact they handed over the thread of many a modern science to the world of our times. Thus, it is not only in the field of literature alone that the Iranians proved their mastery during this period, but in the fields of Philosophy, Sufism, Theology, Medicine, Arithmetic, Algebra, Geometry, History and Geography, Meteorology, Astronomy and Fine Arts as well, they established such solid bases as had hitherto been unknown to other nations living under the darkness of the feudal supremacy of the Middle



Firdausi

Bronze Statue presented by the Parsi Anjuman of Bombay to Iran.

Ages, and which even today are the object of study and research by the modern men of science. An elaborate account of the Persian scientists and literati during this period of Iran's illustrious history, cannot be dealt with here, and the reader is recommended to refer to the more detailed works of some of the well-known writers like E.G. Browne, Percy Sykes, etc. Nevertheless, if *en passant* a brief mention of the names of such great men of science as Abu Ali Sina (Avicenna), Hakim Razi, Ghazali, Albiruni, Jalaluddin Rumi, Hakim Sanai, Nasir Khusro Alavi, Jami and Shaikh Bahai, and also of such great men of letters as Firdausi, Manuchehri, Hafez, Saadi, Omar Khayyam, Nizami, Zahir-i-Faryabi, Ibn Yamin, Saib-i-Tabrezi, and Hatif-i-Isfahani is not made herein, it will not be doing justice to Iran. In fact, it was the thoughts and writings of these people which in the last two centuries encouraged a large number of men of learning in European countries to revive the study and research of the Persian works, and as an initial step in this direction to translate with the help of the distinguished English, French, Russian and German Orientalists, the Persian masterpieces in the modern European languages, and further to make the study of the Persian language and thought as one of the main subjects in their great educational centres. A very large number of rare and old Persian manuscripts, which had not been printed before, or which had been out of print since long, were published under the auspices of these connoisseurs of art and learning by special

funds, and issued for the good of the general public.

In short, during the course of the last ten centuries, Iran was recognised as the torch-bearer of a great culture and civilisation in the Continent of Asia, and the fact that its rays were illuminating both the Eastern and the Western worlds, has been amply proved by the researches of the European scholars. Chardin, the famous French traveller, who visited Iran in the 17th century, admits this fact in his account wherein he says : "The Persians are the most civilised people of the East", and as a conclusion to what has already been said above, we may say with cofidence that the people of Iran are endowed with the highest qualities of intelligence, and have, during the past so many centuries, evinced a great activity in the fields of science and art, and have kept intact till the present times, this national heritage of theirs in spite of the great and severe tests which they underwent during their long and eventful history.

Herman Norden, a Fellow of the Royal Geographical Society and of the American Geographical Society, in his book entitled *Under Persian Skies*, says: "All reading and every traveller's tale indicates that the Persian has kept the sense of the continuity of his history and the essence of his racial personality, as has no other ancient people whose history has greatly affected Western history. That, in short, the Persian one meets by the wayside today is very much the same sort of man as was his ancestor who went out with



" . . . . active and well-formed . . . ."
Typical Iranian Girl Guides.



Khanum Faroogh Sahami, leading
Radio Singer of Tehran.

Xerxes, who watched and helped in the building of Persepolis, who went down before Alexander's army and who conquered with his culture while he was being conquered by the physical power of the hordes that came under Seljukes, Changiz Khan, Tamerlane and Osman (the Uzbeg)".

The typical Iranian has bold features. He is tall, robust, active, and well-formed. He has fair complexion, black hair, heavy eye-brows, long and wide eyes, prominent nose, and small and firm chin with a general bearing of resolution and pride. The peasant and the tribesman, used to an open-air life, has a ruddy complexion and fine physique so characteristic of the Aryan race. He has frank manners, and is fairly truthful. He looks on courage as the highest virtue, and hospitality as a sacred duty. Even the humblest villager would not grudge to offer you a lodging under his own roof, and invite you to a square meal of *chilo kabab*, brown bread, milk, eggs and fruit. He is normally a 'peaceable and imaginative' person, with a love of art and poetry. He is "talkative and eloquent, and his great delight is to sit with friends in a tea-house, drinking endless little glasses of sweetened tea and talking of this and that; for this reason many have thought them to be lazy and inefficient. But these characteristics are liable to be misleading. It is expected that a race, brought up under the hard conditions imposed on them by Nature, should be admirers of the more heroic qualities, fighting men, lovers of sport, and these qualities

are a part of the Iranian make up.... As to their fighting qualities, it is a fact that whenever the Iranian nation has seemed most depressed, most unlikely to rise again, she has invariably awakened and thrown off the oppressor—a point over which her more aggressive neighbours have sometimes made serious miscalculations."[1]

The total population of Iran is estimated at 18,771,538 of which 9,291,753 are males and 9,479,785 females, according to the latest report of the Ministry of Interior[2] for the year 1328 Solar (1949-50 A.D.). The Northern and Western provinces are more thickly populated than the Central and Southern provinces for reasons stated in the last Section. The following are the province-wise population figures of Iran according to the same source[3] :—

(Province) Ostan No.	Districts	Population		Total
		Urban	Rural	
1.	Arak, Bandar Pahlavi, Resht, Zenjan, Tawalish, Savah, Fomanat, Qazvin, Lahejan.	401,770	2,039,559	2,441,329
2.	Amul, Babul, Tehran, Dasht Gorgan, Sari and Bihshar, Semnan, Shahsawar, Shahrud and Damghan, Shahi, Qum and Mahallat, Kashan, Gorgan.	953,582	2,016,562	2,970,144

1. E. S., *p.* 14.

2. N. A. K. Organ of the Department of Statistics and Census of Iran (Tehran, 1951)), *p.* 4.

3. Based on N.A K. *pp.* 23—32.

(Province) Ostan No.	Districts	Population Urban	Population Rural	Total
3.	Ardbil, Arsbaran, Tabriz, Khalkhal, Surab, Marand, Mushginshahr, Mianeh, Maragheh, Hashtroud.	488,586	1,800,065	2,288,651
4.	Khway and Shahpur, Rezaeieh, Shahin Dozh, Maku, Mahabad.	119,752	602,890	722,642
5.	Elam, Bawandpur, Saquaz and Baneh, Qaroh, Sanandaj, Grous. Kungawar, Kermanshahan, Malair Hamadan.	326,103	1,739,827	2,065,930
6.	Abadan and Khurramshahr, Ahwaz, Eizeh, Borojard, Dasht Mishan, Japolq and Barbaroud, Khurramabad, Shadgan, Dezful, Ramehrmaz, Shushtar, Gulpaigan.	305,440	1,332,106	1,637,546
7.	Abadeh, Bushahr, Bandar Lingeh, Behbehan, Jahram, Darab, Dashti, and Dashtastan, Shiraz, Fasa, Firuzabad, Laristan, Kazroun, Konkan, Neriz.	300,884	1,229,625	1,530,509
8.	Iranshahr, Baft, Bam and Narmashir, Bandar Abbas, Jask, Chabahar, Zahedan, Rafsenjan, Zabul, Zarand-Kerman, Sabzwaran, Serjan, Kerman, Nekshahr.	146,427	1,055,953	1,202,380

(Province) Ostan No.	Districts	Population Urban	Population Rural	Total
9.	Bejnaward, Birjand, Torbat Haiderieh, Jam and Bakhzar, Sabzwar, Tabs, Quchan, Kashmar, Ganabad, Meshed, Neshapur.	372,704	1,917,733	2,290,437
10.	Isfahan, Ardastan, Chahar Mahaal, Shehrza, Fareidan, Naein, Najfabad, Yezd.	345,748	1,276,222	1,621,970
	Total population :	3,760,996	15,010,542	18,771,538

These figures, however, are reported to be 'probable', subject to change after receipt of final figures from the various provinces. But this is perhaps the first official estimate of the country's population and is, therefore, fairly reliable until such times that actual census figures are published by the Government. According to this estimate, the population figures of some of the principal cities in Iran are as follows :—

Town	Population* As on March 20, 1950.
Tehran	618,976
Tabriz	279,168
Isfahan	196,134
Meshed	191,794
Hamadan	123,931

*Based on N.A.K. (1951).

Town				Population As on March 20, 1950.
Shiraz	...	...	...	116,274
Resht	...	...	...	111,978
Kermanshah	...	...	...	108,484
Qazwin	...	...	...	80,774
Yezd	...	...	...	58,028
Kashan	...	...	...	56.659
Ahwaz	...	...	...	54,646
Kerman	...	...	...	52,713
Rezaieh	...	...	...	52,558
Abadan & Khorramshahr	...	...	...	50,334
Zahedan	...	...	...	6,160

Out of the total population, about 850,000, mainly the Kurds of the North-Western mountain areas belong to the Sunni sect ; 100,000 are Bahais ; 50,000 Armenians ; 20,000 Nestorians and about 10,000 Zoroastrians. The overwhelming majority of the population, however, belongs to the Ithna-Ashriya Shia sect of Islam. The official religion of the country is Islam according to the Constitutional Law of 1907, but no power has been vested in the priesthood or the 'Church'. The official policy in recent years has been to forego all differences between the two great branches of Islam—Shia and Sunni—and to rally the people under the banner of Iran as Iranians. The same attitude of friendliness and co-operation is shown in Iran to-day towards members of all other religions ungrudgingly, openly and freely. The people have, thus,

got their forces combined more in the form of 'nationalism' than in anything else.

The feeling of Nationalism can be traced amongst the Iranians since time immemorial. It has been termed as the *Royal Glory* in the ancient Pahlavi books, and its basis was 'the necessity to discover some principle which should be a convincing test of the legitimacy of the successive Iranian dynasties which ruled the land of Iran, and which should, at the same time, stigmatize the dynasties of the non-Iranian conquerors as usurpers'. This feeling of Nationalism, or the *Royal Glory* is found throughout the history of Iran, and whenever it tends to slacken down, at once a Firdausi or a Mossadigh appears upon the firmament of Iran's history to guide the nation through her dark days.

It may be mentioned here that this feeling of Nationalism or *Royal Glory* always had two distinct characteristics amongst the Iranians—one relating to the internal policy and the other to the external policy of the nation. In the internal policy, the Iranian nationalism does not preach any policy of fanaticism in religion, customs, manners or traditions. Nor has it ever been against the religious beliefs or national ideals of any other people living under the Iranian standard. For an instance, we see that during the time of the Achæmenian Emperors, the Jews enjoyed the royal protection and had a happy life after getting an asylum in Iran. Similarly,

during the Sassanian period there was a large number of Iranians who had adopted Christianity as their religion, and thereafter, during the Islamic period, there were peoples like the Armenians, the Parsees and the Jews, all of whom found protection and security in the Iranian Empire. The foreign travellers who happened to pass through Iran and had an occasion to live in the country at any time, witnessed the same broadmindedness of the Iranians; and in fact, the hospitality of Iran is one of the main results of this sagacious and wide-awake policy.

The Iranians are far in advance of other nations in adopting new ideas and inventions in the fields of art and science, as well as in appreciating and embracing the customs and manners of other nations. This tendency of the Iranians was known even to Herodotus, the famous Greek historian of ancient times, who writes at one place: "There is no nation which so readily adopts foreign customs as the Persians." Thus, following the lines of this ancient tradition, the Iranian nation has, since the beginning of the 20th century, adopted a Democratic National Government, and as it will be told in the following Section, the Iranian Constitution has been based upon a broad Democratic basis which is far in advance of the other Democratic Governments of our times.

In its external policy as well, the Iranian nation has never adopted an attitude of aggression

or racial prejudice. Even in the days of the height of her splendour and glory, she had never thought of offending or attacking any other nation unless she had first been an object of some aggression by the other. She has never over-run any other nation's rights or claims, and on the whole, has always been a peace-loving nation, which has respected the freedom and independence of other nations. In the present times, ever since the international relations have developed, Iran has shown a great sense of collaboration and solidarity in the union of nations, and has participated in all international agreements and fulfilled them punctually.

One of the most prominent features of the Iranian alliance in the field of international co-operation is the fruitful assistance given by the Iranian people to the cause of the World War II. The Iranian nation placed at the disposal of the Allies, for the attainment of Victory, all her moral and material resources in such a way that Iran was called as the 'Bridge of Victory' by them. During course of the War, Iran sustained a great deal of moral and material loss with the result that in the year 1943 a severe famine struck the whole country; the prices of foodstuffs and articles of daily necessities soared in a fabulous manner, and next to China, Iran became the most expensive country; in the world. Railways, aerodromes, ports and highways, together with the entire production of the civil and military factories of Iran, were appropriated by

the Allies whose representatives stressed upon the high value of Iran's sacrifices during the War on many occasions.

In this connection there are innumerable testimonies from the leading authorities of the world which we are compelled to ignore due to lack of space here, but we hope, as Sir Hasan Suhravardy has rightly expressed that 'Iran will, in peace time be destined to play a great and glorious part, developing her commerce, trade and economic prosperity, rehabilitating her administration and safeguarding her national security and also providing once again a link to bring her neighbouring countries into the comradeship of her traditional culture.'

IV

The Shah, the Government and the Capital

HIS Imperial Majesty Mohammad Reza Pahlavi, the present Shah of Iran, was born at Tehran in the year 1298 A.H. Solar (October 26, 1919 A.D.). His early training commenced at Tehran under the personal supervision of his father, the late Shah, who having strong Democratic ideals before him, sent him to an ordinary Public School, where he studied for a period of six years with the common sons of the soil. During this period, he was taught not only subjects relating to his own country, like the history, literature and languages of Iran, but was also given a good training in foreign languages. In 1310 (1931 A.D.) he proceeded to Switzerland for higher studies, and joined the Chailly School at Lausanne. Later he entered the well-known Le Rosey Secondary School at Roll where he was imparted both intellectual and physical training, and was awarded prizes and medals both for book studies and games.

After completing his education at the said school, he returned home in 1315 (1936 A.D.), and began to take a keen and active interest in the Boy



THE LATE SHAHINSHAH REZA SHAH THE GREAT
Founder of the Pahlavi Dynasty.

Scouts movement, and the reorganisation of schools and farm-houses on modern lines. Enthusiast by temperament, he toured extensively over Iran to put his schemes into working order. In the same year he joined the Tehran Military Academy and went through an arduous training with the common cadets for a period of two years, passing out with great distinction. He played several games during the course of his training, and was always the leader in riding, skiing and swimming contests. Football was his favourite game, and in fact, it is mostly due to him that this game has attained so much popularity in Iran.

Since his accession to the throne on the 16th of September, 1941, following the abdication of his illustrious father—the late Reza Shah the Great—he has proved himself a wise and benevolent ruler, munificent in helping the charitable institutions and generous in extending aids towards the good of his subjects. "A modernised and industrialised Iran, a happy, contented and prosperous nation, and a cultured and healthy generation",—are the ideals that light the path of His Majesty.

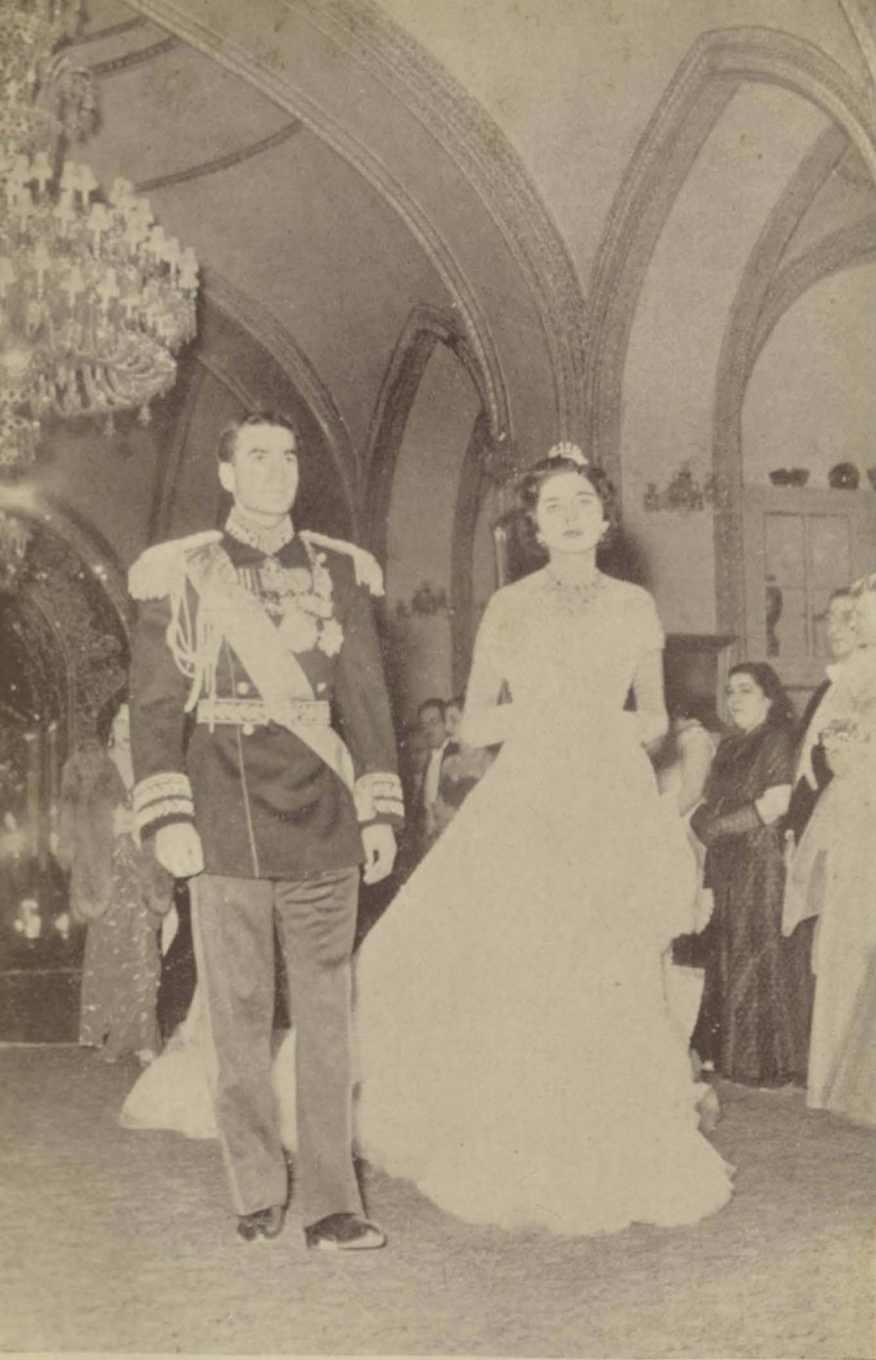
The Shah married Princess Fawzieh, sister of King Farouk of Egypt in March, 1939. They had a daughter, Princess Shahnaz, born in 1940. In November, 1948, however, they had a divorce and on the 12th February, 1951, the Shah married Miss Soraya Esfandiari, daughter of a Bakhtiari Chief of Iran. Miss Soraya, according to G. R. Kavoussi's report, was first noticed in a

photograph. A family album of the old Bakhtiari house happened to catch the eye of Princess Shams, who was seeking a suitable bride for her younger brother, the Shah. The album contained only a small photograph of Miss Soraya, but enough to catch the Shah's attention. The album was brought to the Palace and was shown to the Shah. Then Miss Soraya was traced to the Hyde Park School in London and afterwards princess Shams flew to see her in Paris where she had been summoned.

Miss Soraya Esfandiari spent most of her first 19 years in Europe. Her first trip to Germany took place when she was only ten months old. She stayed there with her parents for about five years. When she got back home, she went straight to the midst of the tribal centre in South-West Iran. The six-year old child began to learn her country's language and was soon able to speak in three languages: German with her mother, Lori (a tribal language) with her father, and Persian with her school-mates. Her elementary schooling was done in Iran but at the first opportunity she went to Lausanne, Switzerland, where she completed her early education.

Constitution:—According to the Constitutional Law of 1907, the powers of the State are derived from the Nation, and are divided into three parts which remain separate and distinct from one another.

The first part is the Legislative power exercised by the National Assembly and by the Senate,



H.I.M. The Shahinshah with Queen Soraya on the occasion of their Wedding in Tehran, on the 12th February, 1951.

Each of these organs has the right of initiation ; but the establishment of the law depends on its conforming to religious principles, on the approval by the two Assemblies and on the affixing of the Royal Seal. The second part is the Judicial power, whose function is to determine the right. It is reserved to the religious courts for religious matters, and to the ordinary courts for civil matters. The third part is the Executive power which is reserved to the King, that is to say, the laws and decrees which the Ministers and State officials carry in the name of His Majesty, in conformity with the provisions of the Law.

The constitutional sovereignty of Iran is entrusted by the people through the National Assembly to the person of His Imperial Majesty Reza Shah Pahlavi, and shall continue generation after generation in his male descendants. The Crown Prince shall be the eldest son of the King, whose mother must be of Iranian origin.

The National Assembly, or *Majless-i-Showraye Melli*, consists of 136 members elected for a period of two years. This body is the true representative organ of the Iranian Nation indicating different shades of opinion in the political sphere of the land.

The Senate is composed of 60 members, of whom thirty are nominated by the King, and the rest elected by the people.

The election of the members of the National Consultative Assembly is one-degree election

direct and based on simple majority. The most important qualifications for eligibility to elections are: (*a*) being Muslim, (*b*) having Iranian Nationality, and (*c*) good precedence. The religious minorities have deputies of their own in National Assemblies.

The election of Senators is effected by two-degree election, and only the literate people are entitled to participate in such elections.

The Executive power is directed by the Shah through a Cabinet presided over by the Prime Minister. The Cabinet consists of twelve Ministers chosen by the Prime Minister. The Ministers are jointly and severally responsible to the Assembly. When the Majless expresses, by an absolute majority of vote, a lack of confidence in the Cabinet as a whole, or in a particular Minister, the entire Cabinet or the Minister concerned, as the case may be, must resign forthwith. The Majless can summon the Ministers and bring them to trial, and they cannot invoke the written or verbal orders of the Shah in order to escape their responsibilities.

The Shah is the Commander-in-Chief of all the land and sea forces, and any declaration of war or conclusion of peace is a function reserved for him.

The Shah decrees and orders the promulgation of laws emanating from the Majless without



The House of Parliament (Majless) in Tehran.

ever having the power to hinder or delay their enforcement.

Tehran has been the seat of Government since 1788 A.D.—the time of Agha Mohammad Khan Qajar. It was then a small town of about two square miles in area and possessing a population of hardly 15,000 souls. Life in that tiny place must have been very quiet then. Later on Nasir-ud-Din Shah Qajar, having extensively travelled over Europe, made great changes in the layout and construction of the capital. But it is to the Pahlavi regime that the city owes its magnificence and grandeur. With a population of over six hundred thousand souls, we find in Tehran to-day a city of palaces, colossal buildings, spacious avenues with wide thoroughfares and neat side-walks. Some of the notable buildings are the House of Parliament, the Bank-i-Melli, the offices of the Ministry of Posts and Telegraphs, the Ministry of Justice, the Ministry of Foreign Affairs, the Sepah-Salar Mosque, the University, the Orphanage the Ladies Art Centre, the Municipality, the Police Headquarters and the office of the Insurance Company of Iran.

The city has been rebuilt upon a carefully planned scheme of wide streets provided with electricity and having shady trees along each side running in parallel rows. Three of the prominent roads have been named after Churchill, Roosevelt and Stalin to perpetuate their memorable visit to Tehran in December, 1943.

Beautiful suburbs have grown up at short distances from the capital where the population is fast increasing. The best known among these is a place called Shamiran which is perhaps most suited for a tourist to stay during summer. It is a nice hill-station situated at a distance of about ten miles north of Tehran, right at the foot of the Alborz mountains. The green valley of Shamiran affords comfort and protection to the people of the capital during the hot days of summer. The place is connected with Tehran by regular auto-bus service, and provides every modern amenity besides up-to-date hotels, bars and comfortable lodgings.

Administrative Divisions :—According to Law the country is divided into 11 Provinces (Ostan), each under a Governor-General. Each Province is sub-divided into several counties (Shahrestan), with a Governor in each. The Rural Districts in Iran number about 45,000. Each Ministry has its own Departments and Sections in the Provinces. The Municipality of each town is independent, although generally the affairs relating to Municipalities are supervised by Ministry of the Interior.

Dr. Mohammad Mossadegh, the present Prime Minister of Iran is one of the most popular leaders of the day. Standing 'on the single plank of oil nationalization,' as described by the American Press, Dr. Mossadegh was, until his appointment as Prime Minister on the 30th April



Dr. MOHAMMAD MOSSADEGH

Prime Minister of Iran and one of the most prominent figures in world politics to-day.

1951, head of the National Front group in the *Majless*. Over 70 years of age, Dr. Mossadegh, is a lawyer by profession and was at one time Minister of Justice and of Finance. He has been in failing health for many years, and after his nomination as Prime Minister, declared that he would only accept this office because of the Oil question, which was his inspiration. The campaign for the Nationalization of the Iranian Oil industry had been led by the National Front under Dr. Mossadegh as leader of the Opposition in the *Majless* which had been opposed by the late General Razmara. The present success towards nationalization of this premier industry of Iran depends mainly on the integrity of Dr. Mossadegh's character.

V

Resources

THE dry, salsaginous and barren plateau of Iran is of great value and importance due to its potential mineral resources. The mineral deposits of Iran are sufficient to make her one of the leading industrial countries in the world, but up till now, practically very little has been done for their development. The establishment of better means of transport like the railways will, it is hoped, stimulate mineral productions, and the provision of cheap petrol will further facilitate in the development of these resources.

The mineral resources of Iran include coal, iron, copper, manganese, lead, zinc, sulphur, nickel, iron oxide, graphite, sodium sulphate, black alum, turquoise, antimony, asbestos, cobalt, rock salt and petroleum, but with the exception perhaps of petroleum, the rest have hardly been tapped so far. Mining industry in Iran existed in the past on a very meagre scale. It can be traced as far back as the pre-Islamic Achaemenian and Sassanian times. An early source* also reveals that Roman miners were employed to work a gold mine during the Sassanian period, but it is not

* I. I. p. 83.

known whether any gold was exported from the country.

Mining of the deposits of ores and metals, washing gold dust, and finding out silver from lead, or melting copper-ore have, up till now, been done on a very poor scale by individual enterprise. There is a huge field for organised work, first in locating, ascertaining and evaluating various kinds of mines in the country, and thereafter working out those which may be worth the efforts, with the help and contact of the Government. A number of coal, iron, manganese, lead and copper mines are being worked at present on contract basis.

Coal :—Coal of rich variety is found in the north-west, north and north-east of Tehran and in the lower beds of the Alborz mountains. Some deposits are also met within central Iran near Kerman, Isfahan and Tabriz. Sufficient coal is produced to meet the industrial and domestic requirements of the country from mines at Shemshak (near Tehran), Zirab, Chashma Gul, Gilandrud (in Mazenderan), Alika, Kajira and Abar. The present output of these mines is about 110,000 metric tons per year.

Iron :—The largest deposits of iron* are to be found in the Alborz range, and these have not

*Information about iron and other minerals (except oil) in the following pages is based upon '*A Review of Commercial Conditions in Iran*' (1945); *Economic Position of Iran by* Moustafa Khan Fateh (Tehran, 1926); and *Iran*, by Sir Arnold Wilson (Oxford, 1932) as compiled by R. N. Gupta in his "*Iran—An Economic Study*" (New Delhi, 1947), *pp.* 33-36.

been fully exploited any more than the others. In this region, the iron and coal mines are generally found in close proximity to each other. In the province of Mazenderan, near Amul, there are several iron mines, the ore of which is said to contain from fifty to sixty per cent of iron. Other areas in which iron is found are Qaradagh mountains of Azarbaijan ; Kuh Surman in Najafabad; Kuh Yatim in Fereidan, both near Isfahan ; the vicinity of Lake Urmia (supposed to contain iron-ore as high as 70 per cent) ; Qamsar, near Isfahan; and the area near Nairiz.

Copper :—Copper occurrences are exceptionally numerous, notably in the Qaradagh district, north-east of Tabriz, near Kuhrud on the Kashan-Isfahan Road, in the Anarak, Kerman, Shahrud-Sabzawar districts in Kurdistan, near Birjand and at many places in the Alborz district. In the province of Khorasan, between Shahrud and Sabzawar, it is estimated that there are about 200 to 300 copper mines. Polak declared that every district in Iran had its own copper mines, and the statement appears to be true by the evidence of numerous deposits which occur in all parts of the country. At present about 3,000 tons of ore with about 30 per cent to 70 per cent copper is extracted from 3 mines.

Lead :—Lead used to be regularly worked in almost every province in the country. The most accessible surface deposits have, however, been totally exhausted, and what remains are only the underground deposits. The most

important district in which lead mining is still carried on is Naglak near Anarak.

Silver :—A silver mine exists on the Karun at Duodah, so called according to local legend, because it took ten tomans worth of labour to produce two toman's worth of the metal. Brittle sulphurous silver-ore is also found in the Saband mountains, and the lead-ores which are of common occurrence in many parts, are often rich in silver.

Turquoise :—The turquoise (a kind of precious stone) mines of Naishapur are very famous and have been worked for the past 800 years. There is a turquoise mine in Kerman and another one is found near Saveh. A Russian geologist, Melgunov, has reported that rubies and emeralds are found in the Astrabad region and in the vicinity of Meshed, but his statement has not yet been confirmed. He also speaks of signs of platinum deposits near Damghan and silver deposits near Astrabad.

Mercury :—Mercury exists in Zardah Kuh range, to the north-east of Isfahan, but Arab historians have recorded its occurrence in the village of Takht-i-Suleiman, near Tajan.

Besides, an account of the following mines is found in *Review of Commercial Conditions in Iran* for the year 1945 :

Amorphous Silica :—This material for the manufacture of refractory bricks is worked by the Department of Mines near Tehran.

Antimony :—Considerable quantities of antimony are supplied by the east-central Iran, and smelting facilities exist at Tehran for production of antimony metal.

Arsenic :—A state-owned factory near Tehran produced 213 tons of arsenic compounds in the year ended March, 1942. Maximum production could be about 500 tons.

Borax :—There are deposits between Bandar Abbas and Kerman with a productive capacity of 300 tons a year.

Magnesite :—The Department of Mines is working a deposit in the Province of Khorasan.

Manganese Dioxide :—There was a mine about 20 miles south of Tehran but this was closed down some years ago.

Nickel :—Some nickel spikes containing 37 per cent nickel were produced at a state-owned mine near Anarak.

Potash :—The annual production is about 400 tons.

Potassium Bichromate :—A small factory is in operation in Tehran. Local deposits of potassium salts and chromate are being used and the estimated weekly production is about one ton

Sulphur :—There are deposits near Bandar Abbas on the Persian Gulf and a state-owned mine is being worked at Semnan. About 500 tons

of sulphur is produced annually but this output could probably be doubled.

Red Oxide :—There are unlimited deposits of red oxide on the island of Hormuz near Bandar Abbas. The output is controlled by the Government.

Miscellaneous Minerals :—Besides these important minerals noted above, and petrol, which will be dealt with in the following pages, there are a number of other minor minerals also, the existence of which is more or less certain, but exploitation of which has not yet taken place on any considerable scale. For example, cobalt is found near Anarak, in the district of Maineh, between Isfahan and Yezd; marble quarries are found at Keruzeh, sixty miles from Kerman; asbestos is found near Gujar, eighty miles north of Kerman; Saltpetre is found near Zerjan and Qum and Zinc is found near Yezd. Besides, rock salt, alum and gypsum are found almost everywhere. Some amount of potash, sulphur, tin, orpiment, realgar, chrome and gold are also known to exist in different parts of the country.

Petroleum :—Iran is the fourth largest producer of oil in the world today after the U.S.A., Venezuela and Russia. Although petroleum springs are known to have existed almost all over the country since time immemorial and remained for centuries an object of wonder and worship among ancient Iranians, the oil resources of Iran were never

tapped for commercial purposes until late 19th century. It is said that when the cult of Zoroaster became the official religion of the Achaemenians (*c.* 550–330 B.C.) and truth and light were venerated, some of the temples housing an eternal flame were erected over or close to springs of oil or gas. The ruins of one such monument may still be seen in the heart of the oil producing area at Masjid-i-Sulaiman. Later, however, more practical use was made of the natural petroleum. A European who visited Iran two hundred years ago wrote : " On the side they call Mazenderan, they found the petroleum of Naptha. It is used in varnishing and painting, and in Physick too, for the curing of raw cold Humors. Also the meanest sort of people burn the Oyl that is made of it."*

With the growth of industrial and scientific activity, there began a world wide search for oil deposits by the end of the nineteenth century. In 1901 a British subject, William Knox D'Archy, won a 60-year concession from the Iranian Government. It gave him oil rights in the whole of Iran except the five northern provinces of Azerbaijan, Mazenderan, Gilan, Astarabad and Khorasan. D'Archy's first companies were personally financed, but in 1909 England began exploiting Iranian oil by forming the Anglo-Persian (afterwards Anglo-Iranian) Oil Company in London and taking over the operation of concession from D'Archy. From that date on to the present day, the history of

*Ref: Donald N. Wilber, *Iran Past and Present.*

the oil industry in Iran is exclusively related to the development of the Anglo-Iranian Oil Company's operations in the country.*

This new company started work in 1910 at Maidan-i-Naphtun and succeeded in the following year in commencing production at very rich and easily accessible oilfield at Masjid-i-Sulaiman, about 145 miles from the Persian Gulf. Further developments followed gradually in the discovery of more wells at Naft-i-Shah, Haft Khel, Gach Saran, Naft Sefid, Agha Jari and Pazanun.

The following Table shows the dates of discovery and commencement of production, the daily average, cumulative production and estimated reserves of the seven fields in South-West Iran in production under the Anglo-Iranian Oil Company :

Field	Masjid-i-Sulaiman	Naft-i-Shah	Haft Khel	Gach-Saran	Naft Sefid	Agha Jari	Pazanun
Year of Discovery ...	1900	1923	1928	1928	1937	1937	1937
First Year of production	1911	1933	1928	1940	1945	1945	1943
Daily average production (in thousand barrels) ...	73	3	192	38	17	144	shut in
Cumulative production till the end of 1947 (in million barrels) ...	793	9.6	749.5	12.8	12.8	94.3	6.5

*For details, see Section X—*The Story of Iranian Oil*.

Estimated Reserves :—The total of proved petroleum reserves of Iran is estimated at 7,000 million barrels by De Golyer and at 9,500 million barrels by Warren W. Burns.

The Anglo-Iranian in 1950 was the largest oil-producing company in the world. Its wells produced 700,000 barrels of oil per day, and was the sole producer in a country with 10% of the world's proved oil reserves. The Anglo-Iranian supplied one quarter of Great Britain's oil requirements, including fuel for the Royal Navy; produced most of the oil and oil products imported by India, Saudi Arabia, Egypt, Argentine, Pakistan and the Far East. The U.S.A., though it produces three times as much oil as the Middle East, still imports Iranian oil and oil products. It imported 889,237 tons of oil during 1948-49 and 91,267 tons during 1949-50.

The production of crude developed gradually from 354,400 tons in 1914 to 897,402 in 1918. The increase in demand for petroleum during the first World War was responsible for the rapid expansion of the Company. In 1919 the annual production passed a million tons a year. In 1937 the production reached 10 million tons. The oil of Iran was, according to Iranian sources, a major factor in the Allied victory during the second World War. The net annual crude pro-

duction during the last ten years has been as follows :—

Year (*January-December*)		*Production in Tons*[1]
1940	...	8,626,639
1941	...	6,605,320
1942	...	9,399,231
1943	...	9,705,769
1944	...	13,274,000
1945	...	16,800,000
1946	...	19,858,471
1947	...	21,737,949
1948	...	26,042,247
1949	...	27,240,000
1950	...	31,750,000

The giant oil fields in Iran have, in brief, produced over 300,000,000 metric tons of oil from their first output in 1911 to December 31, 1950. The export of oil and oil products through the Anglo-Iranian during the last ten years has been as follows :—

Year (*March 21 to March 20*)	Weight[2] (*Tons*)	Value[2] (*Million Rials*)
1940-41	7,032,331	1,313
1941-42	4,994,339	1,011
1942-43	8,877,765	3,483
1943-44	8,436,046	3,277
1944-45	10,107,286	3,918
1945-46	14,957,553	5,612
1946-47	17,927,922	8,049
1947-48	17,913,161	9,993
1948-49	20,184,948	17,140
1949-50	21,507,321	15,389

1. Figures from the Annual Reports of the Anglo-Iranian Oil Company reproduced from the *Statesman's Year Book* 1945, 1947 and 1951, and *Whitaker's Almanack*, 1951.

2. *A.M.B.*, *p.* 112.

The following were the main customers of the Iranian oil products during 1949-50 :–

Country			*Weight (Tons)*[1]
Great Britain	...	...	7,857,514
India	..	...	1,833,129
Saudi Arabia	...	...	1,506,158
Egypt	...	...	1,422,363
Argentine	...	...	1,325,764
East Africa	...	...	1,006,479
Norway	...	...	733,524
France	...	...	544,840
Australia	...	...	479,916
Sweden	...	...	445,168
Kuwait	...	...	392,281
Pakistan	...	...	252,094

These exports were valued at Rials 15,389 million but the proportion of the profits retained in Iran was miserably low. The following are the figures from Anglo-Iranian's published accounts :–

Year	*Gross Profits (Million £)*	*Royalties to the Iranian Government (Million £)*	*Taxation Received by the British Government (Million £)*
1947	34	7	15
1948	53	9	28
1949	41	13½	23

According to the Supplementary Agreement which was obtained by Iran in 1949, the position became considerably favourable for the country, but the British Exchequer was still receiving

1. A.M.B, *p.* 120,

more in taxes than the Iranian Government in Royalty, quite apart from the rich dividends distributed to shareholders. This inequity further led to dissatisfaction in Iran when the Arabian-American Oil Company agreed last winter (1950) to share net profits 50--50 with the Saudi Arabian Government. Under the circumstances, the Majless (Iranian Parliament) rejected the Supplementary Agreement and voted to nationalize the Anglo-Iranian Oil Company in a succession of measures in March, April and May, 1951. According to an American observer[1], "the Iranian Parliament adopted the very principle the Labour Government has used so enthusiastically: it voted to nationalize the Company." But on the strength of the 1933 lease otherwise good until 1993, both the Company and the British Government (53% stock holder) resisted this abrogation of the agreement. Iran, however, went ahead with full nationalization programme. Great Britain might, under the circumstances, get some concessions in the purchase of the crude through the intercession of the U.S.A.

With the loss of this largest oil producer in the Middle East, there appears to be a two-fold danger to the West. It could perhaps replace the loss of the total 32 million metric tons of Iranian crude in a short time by increasing the production of other Middle East fields, but it could not replace the Anglo-Iranian's refining capacity of 25 million metric tons per year so

1. *Life* (International Edition), July 2, 1951, *p*, 48.

quickly, especially in Asia. The Abadan refinery, with a capacity of 500,000 barrels a day, is the largest of its kind in the world. This vast refining plant was set up in 1911 with a view that since Asia, the Middle East and Iran itself constituted a potentially vast market, the refining of oil products at the source would be cheaper and easier than carrying the crude to European refineries. This huge set-up has ever since been rapidly expanding to keep pace with the field production. Today this refinery covers an area of 400 acres, has a total storage capacity of 2 million tons, a refining capacity of 50,000 tons per day, a cracking capacity of 13,000 tons per day and a pumping capacity greater than that of London. It manufactures a complete range of products from aviation spirit to fuel oil and bitumen with the exception of lubricating oil, but a plant for the production of 20,000 tons of lubricating oil is also under construction. There are two more subsidiary refineries in Iran, one at Bandar Shahpur and the other at Kermanshah. Western Europe and Great Britain are rapidly building a net-work of new refineries, but they too probably will not be enough to make up for the loss of Abadan until quite some time. For the Western Europe's deficit of about 300,000 barrels daily as well as the basic needs of Asia, South and East Africa, the Far East and Australia, there is no alternative supply of oil in sight.

But what is more serious to the West today is that the danger of Iran's 'blazing Nationalization'

might spread dissatisfaction across the whole of the Middle-East. Nothing can be predicted about the situation in the fast-changing world conditions and only the future would tell how successful the Nationalization move proved for the Iranians.

Oil in Northern Provinces[1] :—For the development of oil in the five northern provinces of Iran, which were not included in the D'Archy concession, the Government, in the year 1923, gave a concession to the Sinclair Company of the U.S.A., on condition that it arranged for it a loan of 10 million dollars and, that it gave a royalty of 20% out of net profits ; but as the loan could not be arranged by the Company, the concession was cancelled[2].

Again, a concession for the exploitation of oil in North-East Iran in an area of 100,000 square miles was secured by the Sea Board Oil Company and others, who formed the Amiranian Oil Company in 1936 in Delaware, U.S.A. But this Company also abandoned the concession during 1938 on account of over-production of oil in the world and a consequent fall in prices[3].

Negotiations for the grant of an oil concession in South-East Iran were started in September 1944 by the American Standard Vacuum Oil Co., the Sinclair Oil Co., and the British Burmah-Shell Company. In September, 1944, the Iranian

1. From M.K. Fateh's *Economic position of Iran pp.* 42-43 as given by Gupta *op cit* pp. 89-92.

2. M.K. Khan pp. 42-43.

3. Ibid.

Cabinet decided that the grant of oil concessions during the War should be deferred on the ground that Iran was not a free agent while foreign troops were in the country.

On September 13, 1944, M. Kavtaradze, Soviet Assistant Commissar for Foreign Affairs, arrived in Tehran to discuss the terms of a concession in North-East Iran in an area of 110,000 square kilometres from Azerbaijan to Quchan. On October 21, 1944, Muhammad Said, the Prime Minister of Iran, announced that the Iranian Government had decided in reply to the Soviet request to postpone granting oil concessions to any power until after the War. On October 24, 1944, M. Kavtaradze declared in a press conference : "This amounts to a refusal and I must candidly and flatly confess that the decision is received exceeding unfavourably in Soviet circles".

The Tudeh party staged mass demonstrations to support the Soviet demand, but with the opposite effect, for it strengthened the position of the Government. In spite of this, Said resigned on November 9, on the ground that his departure from office might enable the Soviet Government to negotiate with another Iranian Government. Thereafter Murtaza Quli Bayat became Prime Minister on November 26, 1944.

On December 2, 1944, the following Bill was introduced in the Majless by Dr. Mossadigh and duly passed :—

Article 1. In the matter of oil concessions no Prime Minister, Minister, Acting Minister or Under Secretary has the right to enter into any conversation having any official or legal effect with any official or unofficial representative of a neighbouring or other Government or with any representative of an oil company or with any other person; nor have they the right to sign any agreement connected with oil.

Article 2. The Prime Minister and the Cabinet may discuss the sale of oil or the manner in which the Iranian Government should exploit and control Iran's oil deposits, but must inform the Majless of such conversations.

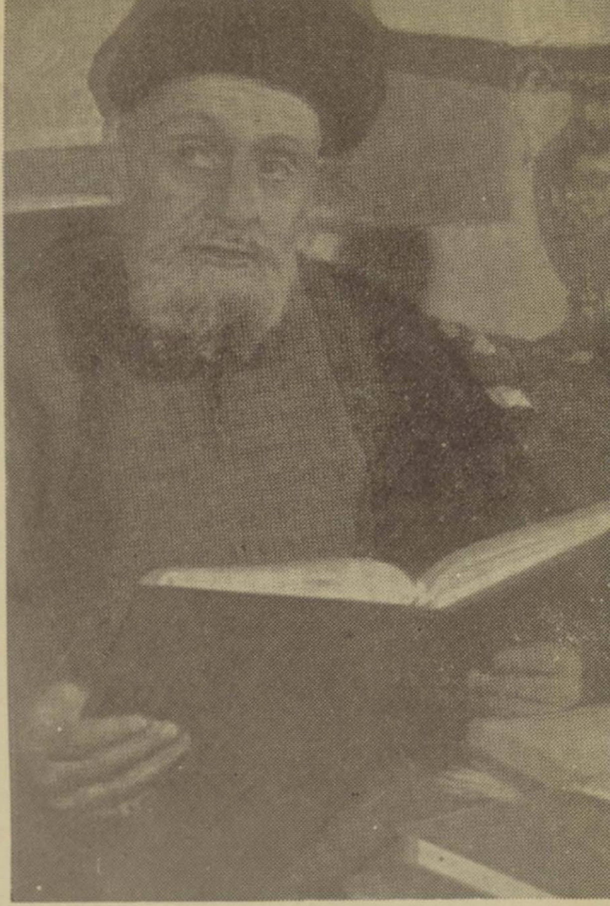
Article 3. Offenders against articles one and two will be sentenced to solitary confinement for a period of 3 to 8 years and will be permanently dismissed from Government service.

The Russians resented the passing of this law. They wanted an oil concession in Northern Iran for two reasons. First, they said, they legally enjoyed an oil concession in the region known as Kavir-i-Khourian in Northern Iran in an area of 1,200 to 1,500 sq. miles. This concession had been secured for them by a Russian subject of Georgia named Khostharia and to work this concession they had formed in 1926 a concern named Kavir-i-Khourian Company Limited. The Company started drilling in 1927-28, but oil in commercial quantities was not struck. At a later stage, in 1932, the Company fell into

disfavour with the Shah and all operations ceased. After August 1941, when Russian and other Allied forces entered Iran to ward off the danger against Nazi aggression, they re-opened the question of this concession.

Secondly, the Russians claimed that during the period of the second World War, their oil-fields in the Northern Caucasus, Grozny, Maicop and Novorossisk were over-run by the Germans and seriously damaged. Altogether 3,000 wells with a normal production of 5,000,000 tons of crude were lost. Besides, the Germans destroyed refineries, demolished sections of the pipe lines and scorched over 700 storage installations with a very large capacity. Added to this, the responsibilities of the Government increased for it had to supply the needs of the newly incorporated states of Eastern Europe, and meet the demands of the armies of occupation. For these reasons, the Russians said, they wanted an oil concession in Iran.

The stand taken up by the Iranian Government was that so long as there were foreign troops on Iranian soil, no negotiations for the conclusion of an oil agreement could be carried on. All foreign troops, in accordance with the terms of the Allied occupation of Iran, were required to be withdrawn from Iran, six months after the cessation of hostilities with Germany, *i.e.*, in March, 1945. At the stipulated dates, the British and American forces withdrew, but the Russians refused to walk out.



Sayyad Abol Qasim "Aayat Ullah" Kashani—
Religious Head and Speaker of the Iranian Majles

It is said, they wanted the conclusion of an oil agreement before they were prepared to quit. For sometime in March, the diplomatic relations between the two countries appeared to be strained. The British and American Governments brought pressure to bear upon the Russian Government to withdraw. The matter was also taken to the United Nations Security Council. But before the matter could be finally discussed in the Council, Marshal Stalin, on April 8, 1946, announced the successful conclusion of an oil agreement between the two countries.

The conclusion of this agreement opened a new chapter in the history of Russo-Iranian relations and the Russians withdrew their forces from the soil of Iran by May 6, 1946.

Forests

Among other valuable natural resources must be reckoned the forests of Iran which cover an area of nearly 19 million hectares, or roughly about one-twenty-fourth of the country. The dense forests, which comprise about one-third of the total wooded area, are found in the Caspian Provinces and on the northern slopes of the Alborz mountains, running almost along the Caspian pastures on the one hand and extending to a height of about 7,000 feet above sea-level on the other. The character of these forests is largely governed by rainfall and elevation unlike those situated in other parts of the country. These forests are a source of important potential national

wealth in providing a rich growth of oak, elm, ash, beech, box, cypress, willow and iron-wood besides trees of numerous local varieties for the supply of timber, railway sleepers, telegraph poles, fuel and fodder and for the development of industries of numerous important bye-products like essential oils, tanning material, lac, resin, gums and wood pulp. Very little seems to have been done so far in this direction in the country except the establishment of a factory near Babol on the Caspian coast for cutting and creosoting sleepers for the Iranian Railway.

The forests of Iran are divided into ten regions, with the areas and varieties of growth as follows :—

Serial No.	Region	Area (Hectares)	Kind of Trees
1	Arsbaran	550,000	All kinds given above
2	Gilan	720,000	
3	Shehsawar	300,000	
4	Mazendaran	1,100 000	
5	Gorgan	630,000	
6	Western Region	10,000,000	Oak
7	Kerman & Fars	2,600,000	Pistachio
8	Southern Region	500,000	Local Trees
9	South Alborz and North Khorasan	1,300,000	Ash
10	Kaweir Desert	1,000,000	Local Trees
	TOTAL	18,700,000	

The forest yield[1] of the Caspian region during the years 1328, 1329 (Solar)—1948-49 and 1949-50 has been as under :—

Serial No.	Name of the Region	No. of Trees	Cubic Metres
1	Gilan and Astra Regions	11,905	36,265
2	Shehsawar and Naushahr	Timber 5,900	1,160 34,953
3	Mazendaran Region	Timber 14,628	10,750 61,499
4	Gorgan Region	2,124	10,702
TOTAL	...	34,557	155,329

Out of this total about 31,209 cubic metres of wood was obtained in the year 1948-49.

As said above, the forest resources of Iran have not yet been developed, and with the exception perhaps of gum tragacanth, the trade in forest products is quite poor. Its export figures for the last ten years will be given in the following pages under 'Trade'. The principal customers of this product last year were: Great Britain 795 tons; France 546 tons; Germany 255 tons; U.S.A. 163 tons; India 106 tons and U.S.S.R. 50 tons. Medicinal plants and herbs and colouring plants are also exported to foreign countries in considerable quantities. The following are the export figures for some of the important items[2] in this category for the year 1949-50 :

1. N.A.K. p. 9.
2. A.M.B., pp. 252 ff.

	PRODUCT	Weight *(Kilogrammes)	Value (Rials)
1.	Shirin Bayan	116,023 ...	198,999
2.	Bih Dana	33,146 ...	1,676,829
3.	Darmanah	4,166 ...	9,876
4.	Gao Zaban and Banafsha flowers	12,659 ...	423,236
5.	Saquah and Gao Zaban leaves ...	175,425 ...	1,213,715
6.	Herbs for *Attars*	223 ...	670
7.	Badian, Anison and Raziana seeds	1,289 ...	15,612
8.	Kashniz and Hamanand seeds ...	26,251 ...	124,136
9.	Zeera (Black)	16,917 ...	658,880
10.	Zeera (Green)	5,499,689 ...	90,457,197
11.	Other Medicinal flowers] ...	16,593 ...	191,310
12.	Other Medicinal seeds	126,156 ...	1,523,584
13.	Other Medicinal leaves, skins and roots	219,447 ...	688,383
14.	Others herbs and grasses ...	3,048,947 ...	955,244
15.	Roonas colouring bark	33,216 ...	289,541
16.	Other colouring barks and plants	151,218 ...	631,757
17.	Gum Tragacanth	2,142,143 ...	83,960,983
18.	Other gums	1,313,891 ...	12,202,693

Schemes for extensive afforestation of certain regions are under consideration in the Forest Research stations. To impress upon the public the value of trees, March 15 has, for some years, been kept as the Tree Festival for planting saplings all over the country.

Flowers are highly prized by Iranians. Besides domestic cultivations of orchards and gardens, the valleys and mountain beds have a rich growth of tulip, narcissus, poppy, rose, bell flower, buttercup, pink and voilet in spring and early summer. Many varieties of rose, poppy and safron are specially cultivated in gardens and fields for commercial purposes. The following

*One Kilogramme=1,000 grammes or roughly 2 1/5 Lbs.

are the export figures of some of the important flowers, seeds and leaves for the year 1949-50 :

		Weight (Kilogrammes)	Value (Rials)
1.	Saffron	655 ...	1,651,615
2.	Yellow colouring flowers ...	488 ...	7,673
3.	Poppy seeds	2,577,315 ...	30,069,646
4.	Karchak seeds	178,972 ...	1,642,068
5.	Katan seeds	83,000 ...	242,399
6.	Kanjad seeds	388,686 ...	5,775,343
7.	Other seeds	1,252,406 ...	8,851,489
8.	Red Rose (dried)	388,837 ...	3,492,571
9.	Hena leaves (whole)	67,568 ...	277,040
10.	Hena leaves (powdered) ...	238,771 ...	5,954,170

Pastures and Livestock

About 10 million hectares of land is covered by pastures, providing a rich nursery for domestic animals. The importance of stock-breeding has not yet been fully appreciated in Iran. The major demands for butter, wool and meat are met with from the stock of cows, sheep and goats, while the minor ones for the draught and pack-animals, etc., are met with from bulls, camels, horses, mares, ponies and mules in the country. Although the new methods of livestock-breeding have not yet been widely introduced in certain regions, the *Qaragol* sheep, famous for their lambskins, have been introduced to give a fillip to her exports. Another important scheme is to import the Merino sheep, well known for their fine wool, to be crossed with the native breeds in Khorasan and Luristan areas.

The following figures gleaned from the official reports show a comparative rise in the livestock breeding in Iran during the last ten years :

Animal		1 No. In 1931-32	2 No. In 1944-45	3 No. In 1949-50
Horses	...	117,832	143,000	165,180
Donkeys	...	953,838	1,174,000	1,193,410
Goats	...	8,087,810	6,999,000	11,940,852
Camels	...	?	?	45,539
Mules	...	41,895	52,000	126,258
Cows	...	1,296,711	1,406,000	2,200,000
Bulls & Oxen	...	892,459	1,508,000	1,784,928
Calves	...	?	?	119,590
Sheep	...	8,544,200	13,711,000	17,848,220
Mares	...	151,934	162,000	200,000

The rising figures[4] of the livestock are mainly due to the public interest in their breeding and upkeep during the last decade. The Veterinary Department is rendering important service in controlling the collective losses of the livestock by injecting the animals with necessary vaccines and distributing large quantities of parasiticides amongst stock-breeders and farmers.

Animal bye-products form a principal item of export. Iranian wool, furs, sheepskins and guts have a fairly wide demand. The export of these items during 1949-50 has been as follows :

1. N. A. K., *p.* 9. (figures from the Ministry of Agriculture).
2. *Iran Today*, II Edition, *p.* 68 (based on *Salnameh Aryan* (Tehran, 1945), *pp* 233-4.
3. N. A. K. *p.* 9. (figures from the Ministry of Agriculture).
4. Figures of the livestock as given by Gupta, *op cit*, *p.* 27, are apparently worng.

Guts	...	3,500,000 pieces
Lamb skins	...	150,000 ,,
Goat & sheep skins	...	3,000,000 ,,
Wool, hair and furs	...	600,000 ,,
Skins of wild animals	...	1,000,000 ,,

The weight and value of these items as exported to the various countries during the last ten years will be given under "Trade" in the following pages.

Some thousand tons of butter, cheese and cream are produced every year from the milk of cows, sheep and goats, but these are meant for local consumption only.

Agricultural Products

Nearly 85 per cent of the people of Iran depend upon agriculture for their livelihood. About one-third of the country is cultivable and the extremely varied climate adds greatly to the agricultural importance of the land, but owing to the scarcity of water, some parts of it have very low productivity. From general agricultural point of view, the northen and western provinces are more productive than the rest of the country. The following is an estimate of the areas under important crops at present :—

			(Hectares)
Wheat	...	...	2,500,000
Barley	...	...	1,000,000
Rice	...	...	250,000
Cotton	...	...	150,000

Cereals	... ...	200,000
Opium	... ...	30,000
Tabacco	... ...	15,000
Sugar Beet	...	40,000
Tea	... ...	7,851
Other Agricultural Products	...	100,000
Fruit Gardens	...	700,000
Thickets and Fruitless Trees ...	...	1,000,000
Date Palms...	...	100,000,000 (trees)

Iran is normally self-sufficient in foodgrains, but during war years, when there were unusually poor crops, considerable quantities of cereals had to be imported from overseas. For the past three years, however, a gradual improvement has been witnessed in the yields of many of the leading crops :

Crop		1947-48 (Tons)	1948-49 (Tons)	1949-50 (Tons)
Wheat	...	1,718,299	1,918,514	1,663,200
Barley	...	727,238	693,923	599,950
Rice	...	387,150	569,750	570,891
Cotton	...	17,000	20,000	22,000
Sugar Beet	...	366,176	255,967	191,280
Almonds	...	5,000	6,400	7,000
Pistachios	...	870	2,000	3,500
Raisins	...	40,000	55,000	40,000

The yield of other important crops, such as tobacco, tea, opium and silk, which are the monopoly of the Government, has also compared

favourably with the pre-war production. The following are the total production figures of these items for the last three years:

Crop		1947-48 (Tons)	1948-49 (Tons)	1949-50 (Tons)
Tobacco (cigarette)	...	7,463.141	4,499.20	5,060.26
Tobacco (pipe)	...	2,811.66	3,404.14	3,57391
Tombac	...	1,038.90	2,256.70	2,055.60
Tea	...	5,003.00	4,878.00	5,152.404
Opium	...	5.691	36 495	199.655
Silk	...	553.25	905.50	1,638.00

The improvement of agriculture in Iran depends in a large measure upon the development of irrigation. About 40 per cent of the total land under plough is currently irrigated. According to the Seven Year Development Plan[1], Rials 1,750 million, or approximately one-fourth of the amount ($165 million) allocated for the agricultural development, has been earmarked for irrigation projects.

Besides, the Government is taking active measures to introduce modern methods of cultivation for the improvement of the crops. The Ministry of Agriculture has established agricultural colleges and experiment stations, notably at Karaj and Varamin, for carrying out agricultural experiments and preparation of improved plant seeds. The Seven-Year Plan Committee is considering a

1. For details, see Section X.

scheme for the construction of several new experiment stations and research centres for discovering suitable methods for improving and increasing the local agricultural products as well as introducing new varieties in the country.

Until recently, cultivation in Iran was carried on by primitive means. With the establishment of the Agricultural Bank, however, the Government has started to acquaint the Iranian peasant with modern methods of agriculture. A number of farm-tractors and other agricultural machines have already been introduced in the country. The Agriculture Ministry is also taking active measures to introduce and distribute widely crop-fertilizers and insecticides. The Department of Pest Control in the Ministry of Agriculture treated the under-mentioned crop areas with insecticides during 1950-51 :—

Pistachio Trees ...	421,702	
Other Trees ...	2,555,346	
Sugar Beet ...	75	(Hectares)
Cotton ...	38	(„)
Wheat ...	1,313	(Tons)
Surface Spray:		
Locust (Local) ...	60,480	(Hectares)
„ (Moroccan)	22,618	(„)
„ (Sea-borne)	38,953	(„)
Rats ...	8,491	(„)
White Ants ...	2,122	(„)

Besides, to improve the overall condition of farmers in the country, many Crown lands have

either been given away as free-holds to old tenants or sold off to private individuals. In this way the people will have a greater association with the land and thus help in producing more and better crops for the general economic prosperity of the country.

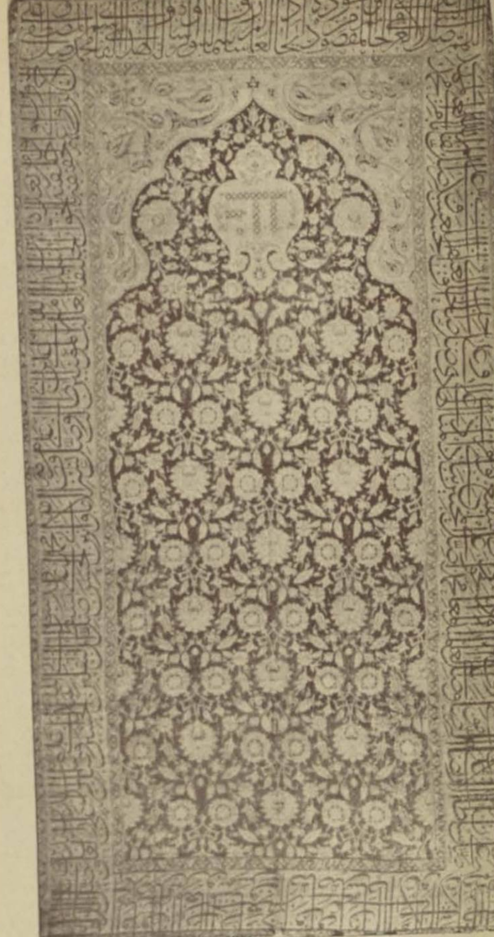
VI

Industrial Development

AS in the case of agriculture, in the Industrial supplies too, the Government of Iran wants to make the country independent. For the last twenty five years there has been a constant urge for encouraging and expanding local industries through protective tariffs, monopolies, etc., because the contemplated development of industries will not only bring about an even distribution of population among a variety of occupations, but also benefit the Government for the simple reason of the increased 'taxable capacity' of the people.

Iranian industries may be divided into two classes :

(*a*) Handicrafts and (*b*) Organised industries working on modern lines in factories and workshops. Of the handicrafts class, we have carpet-making, silk weaving, embroidering, metal-working, wood-carving, mosaic-working, and miniature painting. Iranian carpets are well-known for the superiority of workmanship and fineness of quality throughout the world, and form one of the most important items of the country's exports. In 1949-50 about 2,800 tons of carpets worth more than £ 4½ million Sterling were exported to foreign countries.



The ZARI or carpet of silk and gold threads with verses of the Holy Quran woven along the borders. Iranian artisans enjoy the reputation of producing such remarkable works of art since time immemorial.

The Government is, therefore, conscious of the need of maintaining the standard of this industry, and has, with this end in view, imposed an embargo upon the export of carpets made with cheap chemical dyes and other poor materials. It has also established weaving schools to teach and maintain the ancient workmanship and the well-tried methods of the industry.

Isfahan, Yezd, Kerman, Kashan, Shiraz, Hamadan, Arak, Meshed, Tabriz and Kermanshah are some of the important centres of this industry, each specialising in certain colour schemes or decorative designs. Meshed, Birjand and Sistan are centres for the *Bukhara* and *Baluchi* rugs made by the Turkoman and Baluchi nomads respectively.

The administration of the Industrial Supervision is endeavouring to increase the domestic output of all handicrafts. As the demand for these goods and articles generally exceeds the present output of the country, the said department has adopted a policy of encouraging the artisans by offering them various facilities and by controlling the movement of raw materials.

Silk and woollen industry is next in importance to the carpet industry in Iran. Silk industry on cottage scale is centred around Yezd, Kashan and Meshed. Kerman is the home of woollen cloth and shawls. Coarse cotton cloth is manufactured all over the country specially at Isfahan where

qualmkars or chintzes are made by printing cotton or silk fabrics. Modern methods of weaving and printing are gradually taking place of the ancient handlooms in towns and villages of Iran.

Metal work has been one of the most famous industries of Iran since the time of the Great Achaemenian and Sasanian Emperors. It is one of the greatest heritages of Iran which have gone from here to the length and breadth of the civilized world for centuries past. Even today Shiraz, Isfahan and Zenjan are famous for exquisite metalware and enamel work in gold, silver and copper.

Another traditional art which still goes on in this country, is the miniature painting work. This art reached its height in the sixteenth century at Hirat which, in those days, was one of the centres of culture within the Iranian Empire, and was the seat of the greatest Iranian painter Behzad. Miniature painting went on as tradition throughout the long span of the middle ages, and today, after hundreds of years, it is still a matter of wonder to see some of the miniature paintings being done at Isfahan with the same fineness and detail of good old masterpieces.

(*b*) As regards the organised industries, the policy of the Government is to encourage the country craftsmen and local bodies to make a better use of Iran's raw products like cotton,

wool, silk and sugar beet instead of simply exporting them to foreign countries and getting in exchange the finished products of the same materials at much higher rates. Its aim, therefore, is to make Iran self-sufficient by starting factories at various industrial centres.

The organised industries of Iran may be divided into the following sub-heads :—

(1) Food Industry :—Its introduction in Iran is of important value from the economic point of view, since the country possesses all the required raw materials which are now utilised to the best purpose within itself. There are well-established flour mills near the silos of Tehran, Tabriz, Qazvin, Hamadan, Meshed, Isfahan and Shiraz. The silo at Tehran alone possesses a storage capacity of 60,000 tons of wheat. For husking, cleaning and polishing of rice, there are numerous factories in the rice-growing areas of Mazenderan and Gilan.

Dried Fruits :—For the last few years fruits are being dried, packed and exported from the country on well organised basis. There are good markets for dried fruits in Europe and America. As Khurasan and Azarbaijan are important centres for dried fruits, regular factories have now been established at Maragheh, Khoy and Tabriz, where fruits are stored, selected, treated scientifically and packed on modern lines for export to foreign countries.

Distilleries :—There are two breweries with up-to-date equipment at Tabriz, and one at

Tehran with a total output of about two and a half million bottles of beer per year.

Iran has always been famous for its wines, but during recent years this industry has made a remarkable progress. There are five distilleries at Tehran, and one each at Meshed, Shiraz, Isfahan and Qazvin. As Iran grows grapes of excellent quality, she has made a good progress in producing liquors matching the well-known European range of wines like vermouth, claret, etc., which are admired even by foreign connoisseurs. It is, therefore, hoped, that upon the development of the distilleries, Iran will be able to export wines to foreign countries as well.

Sugar Mills :—Sugar Industry is gradually developing in Iran ever since the establishment of the first sugar factory at Kahrizak, near Tehran in 1931. At present there are 7 sugar mills in the country, amongst which those located at Abkoh (Khurasan), Merv Dasht (Shiraz) and Miandu Ab (Tabriz), constructed at a cost[1] of Rials 20,940,000, Rials 22,250,000 and Rials 22,930,000 and employing 677, 535 and 826 hands respectively, have the largest production.

The sugar mills of Iran produced in all 12,626 tons of lump sugar and 15,396 tons of granulated sugar during 1949-50. The following are the figures giving the total production[2] of sugar during the last ten years :—

1. N.A.K. *p.* 59.
2. Based on A.M.B. *p.* 205.

FACTORYWISE PRODUCTION IN TONS

Year	Abkoh	Shahabad	Shazand	Karaj	Kahrizak	Merv Dasht	Miandu Ab	Annual Total
1940-41	9,541	3,869	3,756	3,035	1,189	8,386	5,859	35,635
1941-42	7,915	680	2,077	2,821	1,175	6,832	1,133	22,633
1942-43	3,936	466	2,105	1,613	883	3,014	2,050	14,067
1943-44	6,991	1,313	1,577	2,709	927	5,745	3,257	22,519
1944-45	6,045	655	2,059	3,569	806	5,673	3,381	23,188
1945-46	9,697	624	2,199	2,722	2,216	3,657	...	20,115
1946-47	7,522	2,034	3,742	4,028	1,408	7,696	5,350	31,780*
1947-48	11,623	5,890	7,293	5,587	1,565	12,450	7,913	52,321
1948-49	10,255	2,778	2,815	4,404	1,191	9,239	4,551	35,233
1949-50	11,101	920	2,079	1,860	1,132	8,713	2,217	28,022
Total ...	84,626	19,229	29,702	32,348	12,492	71,405	35,711	285,513

* Figures for 1946-47 given in the Statesman's Year Book, 1951 are apparently wrong.

Sugar in Iran is produced mainly from the beet root, the plantation of which is developing according to the requirements of the factories. The provinces of Tehran, Isfahan, Azerbaijan, Khozistan, Kermanshah and Fars are the chief beet producing areas. During 1949-50 no less than 185,909 tons of beet were actually consumed by these factories producing in all about 28,022 tons of sugar. The country, however, is not self-sufficient in sugar production, and has, therefore, to supplement her requirements with an annual import of about a million pounds of sugar.

Tea :—Although tea is being used as an item of food in Iran since centuries past, it was only in recent years that experiments for its plantation and processing were made in this country. The first person to introduce the cultivation of tea in Iran was the late Abdul Hussain Khan of Tabriz whose partial success was followed by that of the late Kashif-us-Saltaneh. But during the first 24 years of experimentation between 1907 and 1931, these people could not find more than a few patches of land where the tea plant could be grown successfully. After 1931, however, some Chinese experts were invited by the Government who, after studying the climatology of the various provinces, had a phenomenal success in raising a very large plantation at Lahijan. Today the cultivation of tea is carried on extensively on the slopes of the Elburz mountains and the Caspian provinces in northern Iran. In 1949-50 there

were more than 7,800 hectares of land under tea plantation. The possibility of expansion in the area under this crop, however, is very limited, because with the exception of the Caspian provinces, the climatic conditions of the plateau are not suitable for the plantation of tea. The following are the figures for 1949-50, giving area under cultivation and the total yield of tea, along with its value in Rials :—

District	Area under cultivation (Hectares)	Yield (Tons)		Total Yield (Tons)	Value (Rials)
		Hand processed	Machine processed		
Resht	1,149	331	366	697	34,782,499
Lahijan	2,326	791	1,128	1,919	96,573,648
Langroud	1,102	665	246	911	45,302,007
Roadsar	863	413	67	480	23,270,373
Kalachai	922	442	32	474	23,186,942
Ramsar	947	364	29	393	18,104,425
Shehsawar	542	191	87	278	13,700,999
	7,851	3,197	1,955	5,152	254,920,893

This, however, does not suffice the country's requirements, and, therefore, tea worth about 4 to 5 hundred millon Rials is imported every year from India, Ceylon, Indonesia, China and Pakistan. In 1949-50, the value of such imports was Rials 509,409,000.

For the purpose of processing, a German firm first erected a drying factory at Lahijan in 1936.

Since then factories have been established by the Government at Bi Balan, Shoaib Kalaya, Quala Gardan and Kalar Abad in the tea-growing areas, but as the foregoing figures have shown, a large proportion of the yield is still being processed and dried by manual labour.

Vegetable Oils:—Vegetable oils have been extracted in Iran since ancient times from almonds, olives, castor and cotton seeds. These are now being produced on an extensive scale in well-established factories at Varamin, Babul, Tabriz, Bandar Gaz, Nishapur, Qazvin, Isfahan, Shiraz and Meshed, producing annually about 3,550 tons of oils. The factory at Varamin is the largest in the country and produced over 400,000 barrels of the various kinds of oils in the year 1948-49. Vegetable oils are used, besides cooking and medicinal purposes, in industries for making soaps, paints and paint varnishes, etc.

(2) **Weaving Industry**:—Since the raw materials required for this industry—cotton, wool and silk are available in large quantities within the country, a number of textile, woollen and silk mills exist today in Iran. Yezd and Chalus are the silk-weaving centres; Nowshahr, Shahi and Bih Shahr possess the best calico-printing factories, while Tehran, Kerman, Qazvin, Meshed, Tabriz, Shiraz, Kashan, Bandar Abbas, Semnan, Qum and Ahwaz have textile mills. The mill at Shahi, with 12,000 spindles, is the largest cotton mill in Iran. It mainly serves the requirements of the

Iranian Army. Other important textile mills are located at Meshed, Isfahan, Yezd, Semnan, Tehran, Tabriz, Kerman and Bandar Abbas. In all there are 23 mills with a total of about 120,000 spindles. The annual production has ranged from 11.3 million metres of cloth in 1946 to 13.9 million metres in 1948-49.*

The jute industry is expected to have a very bright future in Iran. At present jute is grown on a small scale in the Caspian region. Jute mills are located at Resht (Gilan) and Shahi (Mazenderan), producing annually between 8 and 10 million metres of gunny and about 5,000 kilogrammes of strings and ropes.

Cement :—With the new construction ahead in the country, a cement factory was set up in 1932 at Kahrizak near Tehran. It has a productive capacity of about 90,000 tons per annum. The latest production figures available, however, show that during the year 1948-49 this factory could turn out over 64,000 tons of cement in a period of 12 months.

(3) **Iron and Steel Industry** :—Heavy industries like steel-rolling, or making of rail or road-construction material, automobiles, aeroplanes, locomotives, and other machinery have not yet attained any importance due to insufficient iron-ore and coal coming out of the mines in the country. The iron, coal, manganese and

* The Statesmen's Year Book 1951, *p.* 1309.

other mines are now being gradually worked, and the yield being stored by the Government for the working of heavy industries. The Government has established a number of ordnance factories, and has ever since been endeavouring to increase their output while planning to establish new factories at other centres as well. At Tehran an aeroplane assembling yard and a copper smelting factory have been established. An iron and steel rolling mill was projected by the Government in 1938, and in this connection a part of the machinery and equipment had also arrived at Tehran when the war started and the project had to be abandoned temporarily for the duration of hostilities.

A small number of iron foundries and glass furnaces have been established in Mazenderan and around Tehran. It is also proposed to erect a new plant in one of the Caspian provinces to smelt about three to four hundred tons of iron per day.

Small factories have been established in Tehran and other principal towns for turning out articles of every day use like metal vessels, lamps, braziers, iron beds, pipe furniture, tricycles, perambulators, etc.[1]

(4) **Mining and Allied Industries :**—The development of mining is one of the biggest schemes before the Government. In its initial stages, it admits of engaging experts for discovering different

1. Geo. III, *p.* 167.

kinds of mines, ascertaining the qualities and respective values of the yield, and submitting a concrete programme for work. A large number of coal-fields and iron, manganese, lead and copper mines have already been located by the Government experts, and given on contract basis to interested parties. Oil, about which we have spoken in Section V, comes as one of the principal industries under this head.

(5) **Wood Industry**:—It was introduced in the country in 1932 at the time when the Trans-Iranian Railway was under construction, and required a large supply of wooden sleepers for the railway line. As the Railway is still under development and expansion, there are two factories now for meeting its requirements besides those of an aeroplane assembling factory recently establised in Tehran. The annual output of these two factories comes to about 300,000 sleepers, besides 12 to 15 thousand cubic metres of ordinary timber, about 6,000 tons of tar, and a considerable quantity of machine oil, grease and benzene.

(6) **Fishing Industry**:—The fishing industry is an important source of wealth for the country. This industry is mainly located along the Caspian Sea area, where several varieties of fish are found in fairly large quantities. According to the terms of agreement signed in 1928, all products of fisheries including Caviare are to be mainly exported to the Soviet Union through the joint

Soviet-Iranian Caspian Sea Fisheries Concession under the name of Societe-Mahi-e-Iran. The following figures illustrate the increasing trade of this important item with Russia during the past ten years:—

Year	*Weight (Tons)*	*Value (Thousand Rials)*
1940-41	6,830	14,504
1941-42	6,761	13,662
1942-43	5,107	12,539
1943-44	3,263	5,082
1944-45	1,954	7,247
1945-46	2,838	8,790
1946-47	3,804	18,401
1947-48	3.107	42,173
1948-49	3,859	64,558
1949-50	3,684	64,593

(7) **Other Industries** :—Under this category come the match, tanning, leather, soap, glycerine, glass and cigarette factories. Five match factories now exist at Tehran, besides one each at 15 other provincial towns. The total production of these factories during the year 1949-50 was 284,268,000 match boxes weighing in all 3,035 tons[1].

The tanneries cure a large quantity of hides and skins (cow-hides, sheep, goat and calf-skins) for various purposes in the country and export to foreign markets. Tanning is a very

1. A.M.B. *p.* 204

old industry in Iran having its centres around Meshed, Gorgan, Hamadan, Kermanshah and Tabriz. But since the hand-cured skins get dry and shrunken within a very short time, they could hardly fetch good value in foreign markets. It was, therefore, necessary to establish a number of up-to-date tanning factories with the help of the Government. At present there are seven big tanning and leather factories in Iran—three in Tabriz, two in Tehran, and one each at Meshed and Hamadan.

There are 14 soap factories in the country, producing about 2,000 tons of washing soaps, and about 200 tons of toilet soaps per year. Glass factories exist at Tehran, Rasht and Babul producing articles of coloured and plain glass and crystal.

Tobacco industry in Iran is a State monopoly. The centre of this industry is at Tehran, where some thousands of hands are engaged in manufacturing cigarettes, and pipe and other kinds of tobacco. The production of cigarettes alone during the year 1949-50 was 5,409,030 numbers, while the total produce of cigarettes, cigars and tobacco of various kinds weighed 6,492 tons, valued at Rials 2,146,916,000.

Other factories produce articles like paper, cardboard, furniture, elastic tapes, rain-coats, toys, boot-creams, etc., at Tehran and other big towns.

VII

Transport and Trade

A good system of transport is of vital importance for the advancement of trade and the consequent prosperity of a nation in modern times. It increases the contact between the town and the village, and acts as a stimulus to both industry and agriculture. Improved means of communication and conveyance are essential for the proper utilisation of the resources of the country, and for the movement of men, material and finished products. The difficulties of communications have been largely removed in modern times by railways, metalled roads water, and air-transport in Iran.

Railways :—During the first Great War one of the principal plans under this head was to link up the Indian and Russian railways by constructing a line from Karachi to Tehran and on to Baku, and from Tiflis via Tabriz and Tehran to Meshed. This was proposed by the Russians. The Germans had also proposed the extension of the Berlin-Baghdad Railway up to Tehran; but all such schemes remained only on paper, and were finally discarded in 1925 when the Shah of Iran declared to plan his own railway with purely national ends in view.

In this respect, 'the first practical steps were taken in May, 1925, when it was decided to finance the whole project from the proceeds of taxes on tea and sugar—thus dispensing with foreign aid. The plans were approved by the Assembly in March, 1926, and on October 17, 1927, work began at each end,' *i.e.*, from Bandar Shah on the Caspian Sea in the north, and from Bandar Shahpur on the Persian Gulf in the south.

"The first train left Bandar Shah for Tehran on February 19, 1937. In November of the same year Qum was linked up with the capital, while on June 23, 1938, trains began to run as far as Erak. Finally on August 24, 1938, H.I.M., the Shah laid the last rail linking the northern and southern sections in the mountains between Erak and Khorramabad. The first through train on the central section (Tehran-Ahwaz) left Tehran on December 23. So, after eleven years of work, and at a cost of 30 million pounds, the great project was successfully completed without leaving the country indebted to the financiers of the West".[1]

The Trans-Iranidan Railway has a total length[2] of about 1,400 kilometres[3] (875 miles) under operation at the moment, and is divided into two main sections and a number of branches as follows :—

1. E S. pp 93-94.
2. A G.D., p. 432 *et sq*.
3. 1 kilometre=1,000 metres; 1 mile=about 1,625 metres.
1 kilometre=0.6214 mile; 5 miles=8 kilometres (approximately).

(*a*) The Northern Section running between Bandar Shah and Tehran. It is 464* kilometres is length, and passes-through places like Bandar Gaz, Bih Shahr, Sari, Shahi (jute factory), Shirgah, Firuzkuh, and Rey.

(*b*) The Southern Section, running from Tehran to Bandar Shahpur on the Persian Gulf. It is 928* kilometres in length, and passes through places like Qum, Erak, Shahzand, Doroud, Andimishk, Shush (ancient Suza), Ahwaz, and Bandar Shahpur.

The difficulties in the construction of these two main sections of the Trans-Iranian railway can well be imagined by the number of tunnels and bridges built. There are 234 tunnels measuring in all 80,000 metres, or roughly about 6 per cent of the total length of the railroad. Then there are 4,772 bridges on the line; 1,933 of them are on northern section and 2,839 on the southern.

There are 90 stations on these two Sections, 31 of which are between Bandar Shah and Theran, and 59 between Tehran and Bandar Shahpur. The Tehran Railway Station has an area of 34,000 square metres, and possesses in fact the most spacious building with all modern amenities for the comfort and convenience of the passengers. For the construction of this station

*Figures based on A.M.B., Tehran, 1949 50.

no less than 70 companies from twelve different countries of the world offered their services.

This line is only a preliminary growth to a net-work of railways linking the country with Pakistan and Afghanistan in the east, Iraq and Turkey in the west, and Russia in the north-west. For this purpose the programme of works has since long been started, and at present the following branches are under operation :—

(1) **Tehran-Tabriz** *via* **Qazvin and Zandjan.** —It is 439 kilometres in length from Tehran, has got 18 intermediary stations, and is working up to Mianeh.

(2) **Tehran-Meshed.**—It is under operation up to Shahrud, passing through Ray, Garmsar, Semnan and Damghan. It is 429 kilometres in length from Tehran, and has 24 intermediary stations over it.

(3) **Tehran-Yezd.**—This railway line is proposed to be connected ultimately to the terminus of the Pakistani N. W. Railway at Zahedan on the eastern frontier of Iran. The first section of this line, which has been surveyed, will run from Tehran to Qum, Kashan, Anarak and Yezd. As Qum is already connected with Tehran by the Trans-Iranian (main) line, the construction work has now been completed over a length of 98 kilometres up to Kashan. An additional train service operates between Tehran and Qum regularly.

(4) **Ahwaz-Khorramshahar.**—This line is 122 kilometres in length. It was completed and put under operation in 1941. It appears that this branch has recently been extended further on to Basra.

Besides, there are some important sidetracks like the *146 kilometres broad-gauge line from Julfa to Tabriz with a 52* kilometres branch between Sofian and Sharaf khaneh, and 92* kilometres of standard-gauge from Mirjaveh to Zahedan, an extension of the Spezand-Nokundi Railway of Pakistan. The total length of the Iranian network of railways is 2,569 kilometres. Further construction work is in progress.

There are four classes on the trains of the Trans-Iranian railway. The first and second class carriages have quite comfortable fittings similar to those seen in the upper class compartments of the trains on the Continent. The third class has wooden seats like those found in Pakistani trains, and the fourth consists of just covered trucks meant for the transport of labourers and artisans from one place to another. Fares for the First Class are 0.85 Rials, for the Second Class 0.50 Rials, for the Third Class 0.30 Rials, and for the Fourth Class 0.20 per kilometre. To members of the forces, police, students, and children under twelve, the railway gives a concession of 50% on single journey tickets, and an additional 20% concession on the return journey

*A. M. B. page 746.



Railway Bridge near Babulsar —During World War II almost all supplies from Iran to U.S.S.R. passed over this famous bridge.

tickets. Freight rates vary from 1.40 to 0.60 Rials per kilometre according to the nature of goods, divided under five main groups.

Roads.—Several good motorable roads run today from Tehran to different points on the frontiers of the country. All important towns and cities are linked up by good all-weather roads. The constructed roads total altogether over 26,011 kilometres of which 3,027 kilometres are asphalted. The more important roads linking the country are :—

(1) Tabriz to Tehran, 626 kilometres.

(2) Bandar Pahlavi to Tehran, 379 kilometres.

(3) Bandar Pahlavi to Mazenderan, 324 kilometres.

(4) Chalus to Tehran, 210 kilometres.

(5) Bandar Shah to Tehran, 382 kilometres.

(6) Tehran to Meshed, 941 kilometres.

(7) Meshed to Birjand, 528 kilometres.

(8) Birjand to Zahedan, 467 kilometres.

(9) Meshed to Herat (Afghanistan) via Turbat-i-Sheikh Fam, 244 kilometres.

(10) Meshed to Bandar Abbas, 1,907 kilometres.

(11) Tehran to Bandar Abbas, 1,678 kilometres.

(12) Bushire to Tehran, 1,181 kilometres.

(13) Khorramshahar to Tehran, 1,107 kilometres.

(14) Khorramshahr to Abadan, 18 kilometres.

(15) Kermanshah to Tehran, 569 kilometres.

(16) Kerman via Yezd to Tehran, 1,042 kilometres.

The *Sherkate Sehamie Mossaferate* or 'Irantour' is the name of the State organization formed in 1936 for providing facilities to travellers and tourists visiting Iran. It arranges for lodgings and hotels, and helps the travellers in getting visas, permits, and in exchanging money. High class hotels and good conveyance are at the service of this organization.

A large number of taxis are available for hire in Tehran and other towns at fairly cheap rates. In Tehran a taxi may be hired for Rials 70 per hour or Rials 10 (Approximately S1/6) per trip within Municipal limits. The cost of petrol is about Rials 20 per gallon. The following is the total number of vehicles as existing in the country on the 30th March, 1950:—

Town & District	*Private Vehicles*	*Taxi Cars*	*Buses*	*Lorries*	*Total*
Tehran	6,352	2,147	2,734	5,669	16,902
Resht	120	219	161	221	631
Mazenderan	39	144	67	170	420
Azerbaijan	169	49	215	537	970
Kermanshah	228	50	158	425	861
Hamadan	64	65	72	380	581

Ahwaz	142	381	57	562	1,142
Abadan	6,049	704	26	473	7,252
Shiraz	325	195	45	379	1,044
Kerman	142	48	24	250	464
Zahedan	—	—	—	31	31
Meshed	331	46	390	625	1,392
Isfahan	234	194	234	681	1,333
Total	14,195	4,152	4,173	10,503	33,023

Posts and Telegraphs.—Adequate postal and telegraphic services exist all over Iran. There is a total network of 32,032* kilometres of postal lines in the country consisting of:—

(1) Railways ... 2,581 kilometres
(2) Automobiles ... 14,349 "
(3) Ships and boats 363 "
(4) Aircraft ... 1,493 "
(5) Riders ... 13,009 "
(6) Foot Messangers 287 "
(for less important places only)

The actual operation of postal vehicles is in most cases entrusted to private contractors, but the service on the whole is quite rapid and safe. Internal Air Mail service has a network of 1,000 kilometres linking Tehran with Isfahan, Shiraz and Bushire, and another 493 kilometres linking Tehran with Kermanshah and extended to Baghdad.

*All figures from A.M.B. page 759.

According to the latest available reports, there are 414 post offices and 29 postal agencies, with 459 post boxes located in the principal towns and along the main routes.

The telegraph system in Iran, until March, 1931, was maintained and staffed jointly by the Indian Government and the Indo-European Telegraph Company. The line from Tehran-Qum-Kashan-Isfahan-Shiraz to Bushire and thence to Fao and Karachi and the Central Persia Telegraphs from Tehran *via* Kashan-Yazd-Kerman-Bam to the Indo-Pakistan Sub-Continent were run by the then Indian Government, while the line between Tehran and Tabriz and on to Julfa connecting the European systems was run by the Indo-European Telegraph Company. In 1931, the Iranian Government took over all telegraphic lines under its direct control. During the War huge telegraph and telephone installations were set up by the Allies at a cost of £1.5 million. These were later sold to the Iranian Government.

According to the present statistics there are 244 telegraph offices in the country with 21,305 kilometres of telegraphic lines having a total length of 43,849 kilometres of wire upon the poles besides 66 kilometres of underground cable.

There are radio-telegraphic stations at Tehran, Tabriz, Meshed, Kermanshah, Shiraz, Kerman, Khorramshahar, Bandar Lingeh and

Jask. Small wireless stations linking Shiraz are also located at Lar, Jahram and Firuzabad.

Telephones.—The telephone system in practically the whole of Iran is run and maintained by a private concern *Societe Generale Anonyme Iranienne des Telephones*. There are over 185 towns having telephonic connections in the country. The total number of telephone receivers according to the latest (1950) information is 18,750.

Automatic telephones have been installed at Tehran and Isfahan, and direct telephonic links have been established amongst Tehran, Qazwin, Hamadan, Kermanshah, Qasr Shirin, Khosravi, Qum, Arak, Andemeshk, Ahwaz, Bandar Shahpur, Khorramshahar, Molair, Brojard and Doroud, Khorramabad.

In 1947-48 (24th Tir, 1326Solar) a telephonic link was established between Iran and Iraq. Direct communication by wireless-telephone has also been established between Tehran and London and Bern.

Water Transport.—The ports of Iran along the Caspian Sea in the North and the Persian Gulf in the South are served by regular steamer services. On the Caspian coast, the most important port is Bandar Shah, the northern terminus of the Trans-Iranian Railway. Pahlavi is another important port for trade with Russia, besides Astara, Babolsar, Bandar Gaz and Noshahr which are situated along the Caspian coast of Iran which

are of lesser importance. These Caspian ports are mainly confined to business with Russia. The total tonnage entering and leaving the Caspian Ports of Iran during the last two years* has been as under :

Year	*Tonnage Entering*	*Tonnage Leaving*	*U.S.S.R. Tonnage*
1948-49†	36,400	—	36,250
1949-50‡	62,651	4,496	61,542 / 3,219

On the Persian Gulf there are 39 ports of which Bandar Abbas, Jask, Lingeh, Bushire, Hindejan, Mashour, Bandar Shahpour, Khosru-abad, Abadan and Khorramshahr are more important. The total tonnage entering and leaving the Gulf ports has been as under :

Year		*Tonnage Entering*	*Tonnage Leaving*
1948-49	...	1,195,700§	—
1949-50	...	1,130,056‖	23,245,548

The following are the tonnage figures of vessels of important countries calling on Iranian ports during 1949-50 :—

Flags		*Tonnage Entering*	*Tonnage Leaving*
Iranian	...	28,710	24,021
American	...	20,319	926,686
British	...	573,110	14,203,546
Italian	...	55,447	473,804
Panamic	...	109,466	621,450

*Iranian Calendar Year begins from March 21st and ends on March 20th of the Christian Calendar Year. See for details *Notes for Tourists*.

†The Statesman's Year-Book, 1951, p. 1311.

‡A.M.B. pp. 672-3.

§Figures given in the Statesman's Year-Book, 1951 p. 1311 are apparently wrong, c.f., A.M B. p. 103.

‖A.M.B. p. 688.

Pakistani ...	3	2,600
Turkish ...	—	51,411
Danish ...	—	238,862
Swedish ...	11,109	499,248
French ...	8,250	362,353
Norvegian ...	57,907	4,810,363
Dutch ...	58,745	484,191
Indian ...	11,763	5,062
Greek ...	116,316	181,772

Total tonnage recorded at the various important Gulf ports during 1949-50 was :—

Port	*Tonnage Entering*	*Ships and Boats*	*Tonnage Leaving*	*Ships & Boats*
Bandar Abbas...	27,563	234	12,602	221
Jask ...	479	248	212	209
Lingeh ...	130	72	72	67
Bushire ...	32,995	280	3,362	250
Hindejan ...	470	21	638	109
Mashour	75,777	498	3,329,756	498
Bandar Shahpur	410,097	150	—	150
Khosruabad ...	403	507	3,564,484	637
Abadan ...	372,552	3,939	16,255,321	3,942
Khorramshahr	207,806	499	67,042	600

Inland navigation on the Shahi or Rezaieh Lake exists between Sharafkhaneh and Sufid Gumbad (41/- km.), Sufid Gumbad and Golmankhaneh (25 km.), Sufid Gumbad and Hyderabad (82 km.), Sufid Gumbad and Donalon (56 km.), Sharafkhaneh and Gulmankhaneh (66 km.), Sharafkhaneh and Donalon (96 km.), Sharafkhaneh and Hyderabad (124 km.), Golmankhaneh and Hyderabad (58 km.), and Donalon and Hyderabab

(51 km.). Besides cargo service exists on the river Karoun from Ahwaz to Khorramshahr and Ahwaz to Shushtar on the river Bahmanshir and on the canals of Gorgan (between Khawaja Nafs and Banawar), Gilan (between Hasan Kiadeh and Chunichanan) and Mazenderan between Babol and Babolsar.

Iran has a small merchant fleet of her own. Her trade is, therefore, carried on mostly by foreign vessels.

Air Transport.—The Government, through the Ministry of Communications, directly controls Civil Aviation in Iran. Since World War II air transport has considerably developed in the country and today all the chief towns are linked by air routes. Internal services are operated by Iranian Airways which also maintains a weekly service from Tehran to Bombay via Isfahan, Yezd, Kerman, Zahedan and Karachi, and a fortnightly service to Kabul via Meshed, Herat and Kandahar.

Air services have been established between Iran and western countries by foreign airlines like B.O.A.C., S.A.S., Egyptian Airways, Air France, and K.L.M., Iraqi Airways also operates from Tehran to Cairo via Baghdad.

The National Iranian Oil Company also possesses a fleet or 6 aeroplanes for the use of their staff flying between Abadan and London and between Basrah and Kuwait.

The Ministry of Posts and Telegraphs possesses a fleet of 4 aeroplanes for carrying of post and passengers from Tehran to Baghdad via Kermanshah and back.

Trade.—It is evident from the historical records that Iran had established vast trade connections with India, China, Central Asia, Babylon, Egypt, Greece and Rome since very early times. Herodotus* writes that during the Achæmenian period Iran used to export various kinds of fruits, wines, foodgrains, honey and sweets to foreign countries. Wines found market in Egypt; foodgrains, honey and sweets in Greece; silk and silk-goods in Rome and Northern Africa; while medicines, perfumes and scents, which were specialties of Iran, were exported to almost all parts of the then known† world.

Trade between Iran and her neighbours grew more and more extensive during the course of ages; and except for the period of the World War II when Iran was occupied by the Allies to supply material aid to Russia and which brought in its wake acute economic crisis for the country, the steady growth of trade can be traced in Iran right up to the present day.

Exports.—Iran is essentially an agricultural country but the chief item of her export is petroleum. It accounts for about 10 per cent of the total export of the country and the favour-

*Herodotus, Book IV, pp 36-41
†I. 1., p. 48.

able balance of her trade is mainly attributed to this item as per figures of the last 10 years shown below :—

Year	*Total Imports Million Rials*	**Exports (excluding Petroleum products) Million Rials*	*Exports (Petroleum Products) Million Rials*
1940-41	865	925	1,313
1941-42	614	812	1,011
1942-43	1,314	558	3,483
1943-44	1,527	704	3,277
1944-45	2,957	792	3,918
1945-46	3,106	1,698	5,612
1946-47	4,115	2,570	8,049
1947-48	4,706	2,324	9,993
1948-49	4,219	1,802	17,140
1949-50	6,786	1,720	15,389
1950-51†			

Amongst other items of export, the more important are carpets, cotton, wool and hair, casings, guts, hides, fruits, gums, rice, wheat and other foodgrains. The following figures show their export values during the last ten years :—

* These figures also exclude export of fish from the Caspian areas which for the 10 years (1940-41 to 1949-50) under review comes to Rials 252 million in all and is accounted for separately in A.M.B. page 112.

†Figures for the eleven months (March 21, 1950—February 20, 1951) : Imports 5,486,897, Exports 2,940,707 (Thousand Rials), show a downward trend in deficit in general Exports and Imports of Iran. Reference Bank Melli Iran Bulletin No. 110 Vol. XIX (Tehran, May. 1951.) p. 53.

Year	Carpets		Cotton		Wool & Hair		Casings		Guts
	* Weight	@ Value	* Weight	@ Value	* Weight	@ Value	* Weight	@ Value	* Weight
1940-41	2,755	119,572	19,836	111,977	11,664	161,262	285	31,172	392
1941-42	2,650	131,312	4,736	32,422	7,222	141,826	260	17,593	286
1942-43	1,612	127,685	...	...	5,202	75,221	165	17,041	245
1943-44	1,056	164,830	5	4	1,681	27 736	82	16,311	99
1944-45	831	164,232	8	13	456	13,137	72	17,565	145
1945-46	3,423	589,681	5	7	3,318	65,584	154	29,664	198
1946-47	3,643	608,779	1,057	5,546	2,913	65,943	125	25,639	202
1947-48	2,668	424,481	1,455	25,863	2,756	89,065	231	57,376	263
1948-49	3,528	550,563	2,818	82.292	725	17,945	223	71,517	407
1949-50	2,799	448,113	6,030	171,449	1,037	25,211	75	30,337	309

* Weight in Metric tons
@ Value in Thousand Rials
} All figures based on A.M.B.

Guts	Hides		Fruits (Dried & Fresh)		Gums		Rice		Wheat & other foodgrains	
@ Value	* Weight	@ Value	* Weight	@ Value	* Weight	@ Value	* Weight	@ Value	* Weight	@ Value
22,373	3,702	35,640	69,258	193,305	2.659	37,761	37,700	25,263	4,584	1,505
17,446	2,272	18,594	32,662	141 649	3,560	81,649	29,089	23,068	336	579
25,931	1,063	8,833	5,563	57,396	1,653	64,823	15,952	34,934	311	699
12,176	970	12,857	10,169	122.046	1,204	66,434	20,782	75,688	346	2,768
16,276	1,529	18,699	14,745	169.483	1.410	75,333	22,878	71,020	1,963	8,962
15,382	3,612	52,025	32,896	283.983	2,115	104,918	40,992	240,736	1,844	12,711
14,662	3,756	67,361	49,164	375,498	2.864	160,768	61,136	404,997	33,406	72,170
16,732	2,795	54,718	68,450	424,413	3,253	168,789	12,325	112,004	20,080	58,002
20,195	3,829	76,847	48,021	435,004	2,497	105,235	1,458	12,019	6,325	32,858
39,184	4,325	79.722	28,566	266,742	2.142	83,961	16,269	118,297	863	4,751

* Weight in Metric tons.

@ Value in Thousand Rials.

The principal buyers of Iranian goods last year (1949-50) were :—

Commodity	Country	Rials
1. *Carpets*	Great Britain	181,952,000
	Lebanon	70,640,000
	Italy	48,911,000
	U.S.A.	29,236,000
2. *Cotton*	Germany	62,945,000
	Italy	23,289,000
	Belgium	5,160,000
	Sweden	1,171,000
3. *Wool and Hair*	Germany	9,654,000
	U.S.A.	6,788,000
	Great Britain	822,000
	Iraq	3,000
4. *Casings*	Great Britain	20,247,000
	U.S.A.	3,177,000
	Germany	595,000
	Turkey	32,000
5. *Hides and leather*	Germany	38,815,000
	Italy	13,910,000
	Great Britain	5,147,000
	Sweden	4,056,000
6. *Guts*	Lebanon	13,138,000
	Germany	11,254,000
	U.S.A.	3,872,000
	Great Britain	2,890,000
7. *Fruits (Dried and Fresh)*	Germany	87,625,000
	Great Britain	48,430,000
	India	28,743,000
	Oman	13,513,000
1. *Gums*	Great Britain	41,688,000
	France	9,710,000
	Germany	9,237,000
	U.S.A.	6,151,000
9. *Rice*	Oman	95,934,000
	Iraq	10,004,000
	Syria	486,000
	France	128,000

Imports.—Iran's principal imports before the World War II consisted mainly of textiles, machinery, metal goods, vehicles, spare parts, rubber goods, paper, drugs, chemicals, tea and sugar. In pursuance of the policy of industrialisation followed by the late Reza Shah the Great, the import of machinery, electrical apparatus, metals, hardware and building material greatly increased immediately before the War. But the preponderating position of textiles, tea and sugar continued to figure as major items of import.

During the War, however, there was a marked decline in the import of machinery and textiles, but sugar, tea and foodgrains went at the top of the import lists.

Today, with the programme of industrialisation and agricultural development in hand, the country is importing heavy machinery, electrical apparatus, mineral oils, metals and cement; but she still has to spend the largest amount of her money over the purchase of finished goods, woollen and cotton textiles, foodstuffs, paper, chemicals, sugar and tea. The following figures show the weights and values of some of the important items imported during the last ten years:—

Year	Cotton Textiles		Woollen Textiles		Machinery and Appliances	
	* Weight	@ Value	* Weight	@ Value	* Weight	@ Value
1940-41	6,917	127,099	193	11,188	3,398	33,345
1941-42	769	18,278	124	10,094	3,111	46,301
1942-43	5,607	355,585	141	30,718	2,320	21,087
1943-44	2,339	237,384	74	21,153	674	29,296
1944-45	3,299	443,676	53	17,941	609	41,437
1945-46	1,819	243,249	97	25,025	1,229	70,523
1946-47	4,849	402,946	420	95,289	3,423	82,326
1947-48	4,604	475,965	1,091	265,863	3,474	133,481
1948-49	7,031	882,331	438	121,781	4,778	155,115
1949-50	13,514	1,265,832	635	151,558	13,579	682,188

* Weight in Metric tons }
@ Value in Thousand Rials } All figures based on A.M.B.

Mineral Oils		Sugar		Tea	
* Weight	@ Value	* Weight	@ Value	* Weight	@ Value
2,949	4,227	86,426	87,298	7,433	69,098
996	2,650	64,663	106,632	2,092	33,138
6,701	20,251	43,290	173,811	9,109	309,506
43,144	79,727	25,901	226,532	1,642	83,430
18,110	16,778	45,508	603,051	7,631	218,825
21,018	36,072	48,438	820,352	1,779	88,390
57,049	65,308	71,180	895,726	4,776	202,876
34,680	43,356	94,696	555,905	7,506	366,009
13,684	33,521	84,616	305,715	7,403	373,076
4,389	20,324	153,610	639,962	10,564	509,409

* Weight in Metric tons.

@ Value in Thousand Rials.

The principal suppliers of important commodities to Iran last year (1949-50) were :—

Commodity	*Country*	*Rials*
1. *Sugar*	Great Britain	609,854,000
	India	23,993,000
	Russia	75,000
2. *Tea*	India	386,430,000
	Ceylon	54,754,000
	Indonesia	15,193,000
	China	2,751,000
3. *Textiles (Woollen)*	Great Britain	106,606,000
	U.S.A.	13,870,000
	France	11,183,000
	Germany	7,619,000
4. *Textiles (Cotton)*	U.S.A.	887,973,000
	Great Britain	146,224,000
	Italy	49,995,000
	India	40,410,000
5. *Machinery*	Great Britain	247,979,000
	Germany	25,245,000
	Czechoslovakia	3,936,000
	Russia	150,000
6. *Mineral Oils*	Great Britain	6,143,000
	U.S.A.	5,606,000
	India	4,916,000
	Russia	1,505,000

Iran's export-import transactions with foreign countries have varied from time to time mainly due to the changing world politics. Actual Export-Import figures and percentage of trade as gleaned from the official sources for the last 18 years bear evidence to it in the following order :—

Year	Russia		Germany		Great Britain and Ireland		India		U.S.A.	
	* Total Trade	@ %	Total Trade	%	Total Trade	%	Total Trade	%	Total Trade	%
1932-33	318	28	93	8	144	12	125	11	137	12
1933-34	235	22	130	13	119	11	116	11	135	12
1934-35	396	34	103	9	145	12	107	9	125	11
1935-36	427	29	202	14	218	15	111	8	142	11
1936-37	547	36	328	21	126	8	115	8	158	10
1937-38	550	34	446	27	121	7	106	6	138	8
1938-39	150	11·5	558	41·5	126	9·5	115	8·5	88	6·5
1939-40	7	0·5	553	39	122	8·5	122	8·5	133	9·5
1940-41	201	11	813	45·5	88	4	135	7·5	196	10·5
1941-42	193	13·5	320	22·5	69	4·75	216	15·75	327	22·75
1942-43	299	15·75	27	1·25	105	5·5	816	43·5	328	17·5
1943-44	539	24	4	0·15	122	5·5	666	30	273	12·25
1944-45	779	21	4	0·10	175	4·65	1,138	30·30	883	23·30
1945-46	1,176	24·50	7	0·10	363	7·5	767	16	1,149	23·90
1946-47	1,500	22·45	20	0·28	1,058	15·84	990	14·80	1,432	21·41
1947-48	718	10·22	3	...	1,508	21·46	794	11·30	1,601	22·78
1948-49	50	0·83	60	1	1,547	25·70	655	10·88	1,525	25·32
1949-50	200	2·35	390	4·58	2,085	24·31	618	7·26	3,004	35·31

* Total Exports and Imports in million Rials.

@ Percentage of total trade of Iran for the year concerned.

Japan		France		Belgium		Pakistan		Other Countries			
Total Trade	%	Total Trade	%	Total Trade	%	Total Trade	%	Total Trade	%	Grand Total	% Total
57	5	25	2	21	2	...	...	213	20	1,133	100
94	9	27	2	33	3	...	...	182	17	1,071	100
64	6	24	2	32	3	...	...	165	14	1,161	100
86	6	53	3	31	2	...	...	179	12	1,449	100
46	3	21	1·5	24	1·5	...	...	117	11	1,542	100
58	4	26	2	32	2	...	...	164	10	1,641	100
34	2·5	17	1	28	2	...	...	229	17	1,345	100
149	10·5	25	2	39	2·5	...	...	266	19	1,416	100
49	3	10	0·5	19	1	...	...	279	17	1,790	100
12·5	0·75	1	...	...	...	...	...	278·5	20	1,426	100
30	1·5	1	...	...	...	...	...	276	15	1,872	100
10	0·45	1	...	...	...	...	...	616	27·65	2,231	100
7	0·15	...	...	1	...	...	...	762	20·50	3,749	100
1	0·02	33	0·65	...	...	...	...	1,259	27·33	4,804	100
...	...	217	3·23	49	0·72	...	...	1,419	21·27	6,685	100
12	0·17	441	6·28	190	2·71	...	...	1,763	25·08	7,030	100
22	0·37	208	3·45	222	3·69	41	0·68	1,691	28·08	6,021	100
80	0·94	147	1·72	237	2·79	122	1·44	1,623	19·30	8,506	100

The above statistics of Iranian trade relate only to "commercial" imports and exports, excluding goods imported free of customs duty by the Government, by the late Anglo-Iranian Oil Company and by the Societe Mahi-e-Iran (Fisheries Organization), and excluding also the values of oil and fish exported from Iran. Owing to the exclusion of these important items from trade returns, the figures in the above table may be misleading in certain cases. For example, the percentage of trade with Great Britain from 1932 to 1945-46 apears to be lower than that of Russia and the U.S.A., whereas taking the export of oil into account, Great Britain actually occupies the most prominent place in the country's trade.

Another important feature is that right from the beginning of the present century down to 1937-38, Russia remained Iran's best customer. But immediately before the outbreak of the World War II in September, 1939, Germany became more active in the field and her trade with Iran went up suddenly from mere 9% in 1934-35 to 45·5% in 1940-41, highest percentage ever attained by any single country in 'commercial' transactions alone. It, however, declined very much in the following years giving place to undivided India whose percentage soared with the same sensational speed from 7·5% in 1940-41 to 43·5% in 1942-43. With the Allied occupation of Iran, trade with Germany came to an end and began to increase with Russia (from 0·5% in 1939-40 to 24% in (1943-44), India and the U.S.A. (from 6·5% in



Bank Melli Branch at Pahlavi

1939-40 to 22·75% in 1941-42). After the termination of the War, Russia and the U.S.A. led in trade for at least one year 1946-47, having 22·45% and 21·41% respectively to their credit. After March, 1947, trade with Russia began to decline and the field was gradually captured by Great Britain and the U.S.A., the former rising from 15·84% in 1946-47 to 24·31% in 1949-50 and the latter similarly going up from 21·41% in 1946-47 to 35·31% in 1949-50. The following are the details of total 'commercial' transactions during 1949-50 :—

Country in order of importance	*Million Rials*	*Percentage*
U.S.A.	3,004	35·31
Great Britain	2,085	24·31
India	618	7·26
Germany	390	4·58
Belgium	237	2·79
U.S.S.R.	200	2·35
France	147	1·72
Pakistan	122	1·44
Japan	80	0·94
Other countries	1,623	19·30
Total	8,506	100·00

Currency and Finance.—The unit of money is the Rial, and its value is about 32 Rials to an American Dollar or about 10 Rials to a Pakistani Rupee. The following were the official exchange rates from July to November 1, 1950.

	Selling rate	*Buying rate*
	Rials	*Rials*
Swedish Kronas (100)	630·0	615·0
Iraqi Dinar	91·10	89·30
Indian Rupees (100)	685·0	670·0
Pakistani Rupees (100)	985·0	962·0
Egyptian Pound	93·30	91·70
Swiss Franc (100)	760·0	745·0
U.S. Dollar	32·50	32·0
Pound Sterling	91·0	89·40

Paper notes for 5,10,20, 50,100, 1,000, and 10,000 Rials are in circulation. *Dinar* is a coin of mixed metal, and is valued at 1/100 of a Rial.

According to the currency law passed by the Majles in November, 1942, the fiduciary issue is limited to 1,400 million Rials, and all currency notes in excess of a total of 3,500 million Rials must be backed up to 60% by gold, or by foreign exchange convertible into gold, and the remaining 40% by sterling or United States dollars, valued at the official rate of exchange. The liabilities and assets of the Bank Melli on November 21, 1950 were :—

Liabilities			*Rials*
Notes issued	In Circulation	...	6,532,966,490·00
	In Banking Department	...	1,267,033,510·00
*Total Liabilities		...	7,800,000,000·00

* Bank Melli Iran Bulletin No. 108 Vol. XVIII (Tehran March 1951), p. 463.

Assets :	*Rials*
Gold ...	4,032,013,800·40
Gold subscription to the International Monetary Fund ...	282,187,498·90
Foreign Exchange ...	1,717,974,639·50
Subscription to International Bank	23,622,480·00
Crown Jewels, up to ...	344,201,581·20
Government Liabilities secured by excess value of Crown Jewels ...	1,400,000,000·00
Deposits in Banking Department .	1,000,000,000·00
Total Assets[1] ...	8,800,000,000·00

Besides, Iran has recently (November, 1951) purchased 8,750,000 United States dollars from the International Monetary Fund to meet the shortage of Iran's foreign exchange receipts, due to the closing down of the Abadan Refinery. These dollars have been purchased with Rials, the latter to be repurchased by Iran as soon as possible.[2]

Banking has developed very rapidly in Iran during the last two decades. The Bank Melli, the Agricultural Bank of Iran, the Imperial Bank of Iran and the Sepah Bank are some of the well-established banking houses in the country, all having branches in big towns and port cities of Iran.

The Budget[3] of the Government is divided into two parts :—

(1) Ordinary revenue and expenditure.

(2) Revenue and expenditure of commercial and industrial undertakings of the Government.

1. Bank Melli Iran Bulletin No. 108 Vol. XVIII (Tehran March 1951). 463.
2. Reuter, Washington, November 12,1951.
3. Economic Conditions, *Op. Cit.*, pp. 22-23.

The first part consists of ordinary revenue from income-tax, excise taxes, customs duties and royalties. The ordinary expenditure is incurred in defence, education, health, irrigation, roads and railways.

The second part shows revenue and expenditure of commercial and industrial undertakings such as the Government factories and mines, and transactions of essential supplies like sugar, tea, wheat, etc.

The total revenue and expenditure amounts to-day to over Rials 7,000 million a year. The budgetary position of Iran for the last 10 years has been as under :—

	1940-41*	1941-42*	1942-43*	1943-44*	1944-45*
	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)
Revenue	3,091,393	3,613,768	3,137,866	7,676,710	10,325,000
Expenditure	4,210,973	4,323,911	3,137,695	9,194,398	10,324,000

1946-47**	1947-48**	1948-49**	1949-50**	1950-51**	1951-52**
(Thousand Rials)	Thousand Rials)	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)
5,427,000	5,559,068	6,844,338	7,785,691	8,950,000	9,552,846
6,094,000	8,311,931	7,972,947	11,117,398	11,470,000	9,549,595

*Figures from the Statesman's Year-Book 1947, p. 1141.

**Figures from the Statesman's Year-Book 1951, p.

Actual receipts and expenditure for the last 5 years have been in the following order :—

	1944-45	1945-46	1946-47	1947-48	* 1948-49
	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)	(Thousand Rials)	(Thouand Rials)
Actual Receipts	5,226,888	4,977,929	5,797,366	6,716,529	7,384,523
Actual Expenditure	5,951,429	4,932,427	5,934,312	6,773,639	7,606,021

The main items of estimated revenue in the Budget for 1949-50 are (in millions of Rials) : direct taxation 1,160 ; indirect taxation 587.2 : tobacco and opium monopoly 1,810 ; customs 1,869 ; concessions, southern oil-fields 919 ; public domains 189. The main items of estimated expenditure in 1949-50 are (in millions of Rials) : Ministries of War (including Gendarmerie) 2,478 ; Education 960 ; Interior 770 ; Finance (including monopolies) 1,499 ; allowance to government employees 1,350 ; development plan 910 ; loans and interest 480.*

Considering the population and resources of Iran, this is a progressive budget, and it gives an idea of the extent of the Government administration as it has developed during recent years.

The country has no foreign debts. The amount of foreign investments in the country's commercial or industrial business is very small

Ibid, pp. 1307-8

(except in the oil industry). This is an important feature of the country's finance. All the schemes of industrialization and construction have been financed through the capital provided by Iranian people themselves. Even the expenses of such costly schemes as the construction of the Trans-Iranian Railway was financed by sums accrued through taxation.

The Government's public debts are also small. Its only big creditor is the Bank Melli (Iranian National Bank) to which it owes about Rials 2,500 million.

The savings and investments are growing fast; for instance, the amount of deposits with the Bank Melli (special savings) has increased from Rials 10 million in 1939 to Rials 1,000 million in November 1950.[1] Likewise, the number of limited companies and capital have increased from 93 companies with a total capital of Rials 143 million in 1932 to 2,904 companies with a total capital of over Rials 7,558 million in 1948.[2]

1. Bank Melli Iran Bulletin No. 108, Vol. XVIII (Tehran, March, 1951), p. 463.

2. *Ibid.*, No. 99, Vol. XVII (Tehran, April-May, 1949), p. 6.

VIII

Social and Cultural Progress

THE social and cultural heights which Iran attained during the Safavid regime, and the material splendour with which this noble house was blessed, went on an ebb for a period of two centuries as a result of the disintegration which set upon the political machinery of Iran almost immediately after the downfall of that house. This period not only showed an absence of social and cultural progress, but on the contrary a distinct stagnation and degradation was rife in every aspect of the Iranian life.

At the beginning of the nineteenth century two powerful rivals appeared on the northern and southern frontiers of Iran, respectively, and their activities worsened the conditions prevailing in the country. The consequent revolution in Iran in the early years of the present century and the change of the ruling house some twenty-five years back, are the two important factors towards the social and national revival of Iran. These two factors are indeed a prelude to the reforms which have taken place during recent years in Iran.

A good deal of reforms have come up in the shape of new laws and regulations. The reforms

in the judicial organization of the country made it possible for Iran to cancel all the capitulatory treaties which were concluded by her during the 19th century with different European powers. The Compulsory Military Service Act in 1927 was one of most useful and important steps towards the regeneration of the national spirit in Iran. Thus followed reform after reform towards the social and cultural progress of Iran. The traveller and the tourist will now find a great Westernising trend among the people of this romantic Eastern land used to long-flowing robes and turbaned headgear. "The Shah", as said by a European writer, "following the modern Oriental craze for the uniformity of costume," on December 28, 1928, "banned the traditional Ammama and Kullah, and decreed that the Iranians should observe a uniformity in dress by wearing compulsorily the European clothes. The change was astounding, almost revolutionary."

The most spectacular is the change in the modern women of Iran. The propaganda for the emancipation of women was launched by the Iranian Government in 1927, and its success will long remain in the annals of the late King Reza Shah the Great. For centuries the women of Iran remained hidden behind heavy black veils falling short of possessing an equal status with men. The Government started the work of the emancipation of women very slowly and steadily. By the year 1929, the upper strata of the society adopted European dress. In 1931 it was enacted

that all marriage contracts and acts of divorce be registered in official records. By 1935, the propaganda cleared off all obstacles in the way; a firm ground was prepared and the movement came into full swing. The press and the platform echoed with propaganda for the emancipation of women, and finally on the 28th of June, 1935, the Prime Minister gave a Garden Party at the Iran Club, where 'for the first time, members of the Cabinet and other high officials were invited with their wives.' This affixed the official stamp of approval on the appearance of women in public.

From that day the veil was officially discarded in Iran and women were regarded as equal to men by the law. No woman was allowed to move about under a veil; the shopkeepers were not allowed to serve any veiled woman and even the bus-conductors and taxi-drivers were ordered to refuse admission to such persons.

Educational Progress.—From earliest times Iranians have shown great interest in the acquisition and diffusion of knowledge, and have contributed greatly to world culture.

After the dawn of Islam the Iranians turned their attention to the acquisition of Islamic arts and sciences and made great progress in those fields. The spread and development of Islamic knowledge owes a great deal to the efforts of Persian scholars and writers. In order to make proper arrangements for the study of Islamic sciences and keep

the relation of the teacher and the scholar on a sound educational basis, the Iranians began to establish schools during the early centuries of Islam. Various branches of knowledge such as philosophy, metaphysics, mathematics, astronomy, etc., were taught in these schools. An example of such schools was the Islamic School of Nezamiah, founded by the famous Iranian statesman and scholar Nezamul-Molk Toussi. This school was established in Neshapur and gradually similar schools were founded in other cities such as Merv, Hirat, Balkh, and Isfahan.

With the progress of science and industries in the West and the development of new methods of education, Iran followed the western countries in adjusting its system of education and establishing new schools. The first modern college was established in Iran about a century ago in Tehran during the premiership of Amir-i-Kabir. It was called Darul Foonoon, and various subjects such as Persian language and literature, foreign languages, mathematics, medicine, and military science were taught.

Gradually elementary and secondary schools as well as colleges were established all over the country. The schools were graded into Kindergarten, Primary, Secondary and Higher Secondary. The progress made by Iran in the field of education within the last 25 years is remarkable. There are schools for girls and boys in all cities and townships. Universities have been founded in



H. I. M. The Shahinshah (2nd from left) as
a student took active part in athletics and sports



His Imperial Majesty has ever since taken a deep interest
in the encouragement of physical culture in his country.

Tehran, Tabriz, Meshed, Isfahan and Shiraz. The University of Tehran, which was founded in 1935 and completed during the reign of the late King Reza Shah, consists of the faculties of Medicine, Science, Arts, Law, Agriculture, Fine Arts, Engineering, Dentistry, Pharmacology and Education. The Universities in the provinces, which have been established during the reign of the present Shah, are being gradually built up. Students joining the University of Tehran can specialise in one of the following subjects : Persian language and literature, history and geography, archaeology, philosophy, mathematics, physics, chemistry, natural sciences and foreign languages. For professional studies, there are courses in medicine, dentistry, veterinary science, painting, sculpture, mosaic work, carpet-weaving, miniature work, dress-designing, interior decoration and fancy work.

Students taking up a course in arts, sciences, law or theology qualify normally after a period of four years' study, but those who take up any of the professional courses, have to put in a study of four to six years according to the nature of the subject.

The University is equipped with up-to-date science laboratories, lecture-theatres and libraries. The teaching staff consists of some very highly qualified Iranians besides a number of foreign professors.

Outside the University campus there is an

Agricultural College, an Animal Husbandry College and an Institute for the preparation of sera, with separate branches working upon the methods of improvement of crops and live-stock and for fighting diseases of plants and animals in the country.

The Ministry of War has its own educational and training centres for the cadets going up for various branches of the fighting forces. These centres are known as the *Dabistan* (Primary), the Dabiristan (Secondary), the Danishkadeh-Afsari (Military Academy), and the Danishgahe-Jang (Staff College for Higher Officers for specialising in various branches of the Services).

Besides these, other Government administrations such as the Posts and Telegraphs, Finance, Commerce, Registration of Acts, Police, Bank Melli, and Railways have their own special training centres and technical institutes for the training of recruits to their respective services.

The primary purpose of Iranian education is to turn out good members of society. The courses have been carefully prepared by educational experts of the country who are very quick and painstaking at studying the latest methods of education and adopting them according to their own requirements.

In the year 1950-51 there were 5,411 students on rolls in the various faculties of the Tehran University. The total number of students, male

and female, in the various schools comes to about 500,000, while the number of teachers in 3,561 elementary and 265 secondary schools in the country is over 20,000. Special attention is being paid to the elementary education because according to the Law passed in 1944, the 6-year elementary education is compulsory for all in the country. But a recent revision in the curriculum has reduced elementary education to 4 years and in this way the Ministry of Education is trying to eliminate illiteracy in Iran by implementing compulsory education. Another important feature about education in Iran is the high percentage of literacy among women. Although the number of female students is not equal to male students, equal opportunities for elementary and secondary education are being provided for female education in the country.

Broadcasting.—The Tehran Broadcasting Station was opened by the Crown Prince (now the Shah) in April, 1940. The Government is now planning to erect a net-work of transmitters all over the country. As up to the beginning of the War, the Iranians did not have any opportunity of listening to broadcast talks in their own language, the radio was not popular among them. But now, besides the Tehran Station, they receive regular talks in Persian from Radio Pakistan, the All-India Radio and some of the Continental stations. This has naturally increased the interest of the general public, and has made them more radio-minded than ever before. The

Government is also doing much in encouraging the import and sale of radio-sets, and in installing a number of them with loud-speakers in prominent places in various towns. Thus the radio is being popularised in the country, and it is hoped that Iran will very shortly have a number of up-to-date broadcasting and transmitting stations.

Theatre and Cinema.—It appears that Nasir-ud-Din Shah Qajar (1846-96) was the first among the kings of Iran to visit European countries and introduce a theatre in his kingdom. This was followed by the Shirket-i-Farhang and the Theatre Melli, where plays based upon translations of the European dramas, like those of Moliere and others, were performed by American and Armenian actors. With the emancipation of the Iranian women, the theatre attained more popularity, because prior to that the local women could not come out and act on the stage. At present the most popular theatres in the capital are : the Theatre-Farhang, Tamasha Khane Tehran, Tamasha Khane Melli, and Tamasha Khane Hunar. About a hundred different plays have been performed within the course of a few years, but the most famous of them at the moment are Ishqui's *Rastakhiz*, Aziz Beg's *Karbalai Kabad*, Aqai Zabih Bihruz's *Jijak Ali Shah*, and Bahar Mast's epic plays based upon the memorable *Shah Nama* of Firdausi.

One of the greatest obstacles in the way of the theatre is the cinema. Theatres in Iran

do not possess either the resources or the capital to compete with films. So the natural result is, as we see everywhere, that the cinema is becoming more popular among the public. The first picture-house was started some thirty-five years back in Iran. To-day we find good cinemas in various towns. Tehran alone possesses more than twenty of them; but as there was no film-studio in the country until 1950, it had to import Russian, American or English films for exhibition, and because of the difficulty of language, they were mostly shown with superimposed Persian titles.

Of the prominent social centres and clubs in the metropolis, mention may be made of the Women's Club, the Club-e-Iran, the Officers' Club, the Qanun Banuwan, the Hizbe Zanan, the Tehran Club and the Pakistani Merchants Club.

Thus, the waves of Westernisation beat upon Iran, and 'slowly, one by one, the pages of the *Arabian Nights* are being closed in Persia and the pages of modern progress substituted for them.'

IX

Iran Today and Tomorrow

PRIMARILY but primitively agricultural yesterday, Iran is spending all her resources and energies today to modernise her agriculture and develop her industry, sciences and arts. Hundreds of young men and women, having received up-to-date training in Europe and other foreign countries, have come back home with new ideas, not alone about industry and sciences but also about the national and cultural reorganisation of Iran. They imbibed the democratic ideas during the course of their studies and travels in foreign lands and developed them on their own lines to suit the conditions of their country, thus preparing a solid ground for the promulgation and enforcement of the nationalistic ideas among the people of Iran. Thus, Iran today owes to the modern regeneration not only the building of schools, training of teachers, maintaining of health services, or providing of ways and means for the physical, social and cultural well-being, but also the spirit of democracy and nationalism. With speedy and radical changes, Iran is on her way towards becoming an industrial and economically self-dependent country, learning new techniques, developing new processes, and

Nurses under training



Girl Athletes



creating able and useful workers out of raw recruits. It encourages people to think, plan and produce at every conceivable turn doing so with full confidence that the fruits of their labour will become available for the general benefit of the nation at large.

Tomorrow.—*The economic development of Iran on modern lines started after the first World War in the years between 1920 and 1925. The development and utilization of the natural resources of the country had, of course, a very high place in the measures adopted for this work of reconstruction and economic development. However, as in all other countries which like Iran are economically undeveloped, the execution of any such plan is impeded by the necessity of making certain preliminary developments before the main issues can be arrived at. Communications, for example, had to be first and foremost in that plan. The task of improving these was vigourously pursued with a great measure of success which was crowned by the completion of the Trans-Iranian Railway. The outbreak of the second World War, however, brought such developments to a standstill.

At the end of the second World War the Iranian Government, like many others, again resumed its efforts to raise the standards of living of the people through improvement of the economic conditions. It is now commonly accepted for all

*From '*Iran*' pp. 51-52 (Bank Melli Press—Tehran—March, 1950).

countries and particularly in the case of those less developed, that measures of improvement to be effective must be based on a well-balanced and comprehensive plan of economic development in all spheres. The Government, therefore, decided to draw up such a plan for the immediate future. A Committee, called the Seven-Year-Plan High Council, started its work immediately after the end of War, and as the result of two years' continuous study and research prepared the programme of the country's reconstruction and development for the next seven years. This programme was subsequently submitted for comment to some famous American organizations such as Morrisson-Krudson International Company and Overseas Consultants Incorporated (O.C.I.). The report of Morrisson Krudson has already been submitted to the Government and the report of the O.C.I. is under preparation.

To understand the scope of this Plan one would notice that it is a plan of reconstruction and development for a country whose area is three times that of France, whose population is no more than 19 millions and which is economically undeveloped. In addition to this, during recent years people have become more and more acquainted with modern ways of life and its complex demands. They are urging for a much higher standard of living.

These factors render the task a formidable one, and great financial, technical, political and

human problems have to be reckoned with. All these in view, a comprehensive programme was drawn up covering major aspects of the economic life of the country such as agriculture, industries, exploration and exploitation of mineral resources and further development of communications, etc. It is estimated that when this Plan is fully executed, the national income will be nearly doubled. The present national income is by no means commensurate with the standards demanded by modern living conditions.

The following table will serve to show the scope of the Plan and its estimated cost:

		Million Dollars
1.	Agriculture and irrigation ...	165
2.	Mines and industries ...	100
3.	Exploration and exploitation of new oilfields ...	35
4.	Roads, railways, ports and airfields ...	165
5.	Posts, telegraphs, telephones and wireless ...	30
6.	Drinking water and electricity for towns ...	35
7.	Hygiene and Education ...	100
8.	Aid to the Carpet Industry ...	3
9.	Miscellaneous ...	17
	Total	650

It is of course clear that this sum will not be uniformly divided between the seven years. Expenditure will gradually increase as the Plan develops, *i.e.*, the expenditure for the first year is 60 million Dollars and for each of the subsequent years, nearly 100 million Dollars.

1. The largest sum has been allocated for agricultural and irrigation schemes. The reason for this is quite plain: according to the latest Census of a total population of 18,771,538 nearly 78%, inhabit the rural areas. In some provinces the percentage of rural inhabitants is as high as 89.3%.

2. Next in the order of importance is the sum set aside for the improvement of existing roads, railways, ports and aerodromes and the development of additional communication facilities. The area of the Iranian territory and long distances between centres of population makes this a large and yet most essential expenditure.

3. The sum credited for the development of mines and industries generally is comparatively small. The reason for this is that the immediate aim is to meet the internal needs of the country and to reduce the import of consumer goods, the raw materials for which are available at home. Examples of these are steel, sugar and textiles, etc.

4. As has been seen petroleum is by

far the greatest natural resource of the country, and for this reason a considerable sum has been allocated for its exploration and exploitation in areas as yet undeveloped.

5. To raise the standards of hygiene and the level of general education and culture and also for the extension and completion of water and electricity requirements of the urban centres, a sum of 130 million Dollars has been set aside.

During this period private initiative and enterprise will continue its efforts and will play its own part in bringing about the desired general improvements.

The sum required for the execution of the Plan is to be derived from the following sources :

1. The Government's profits from the National Iranian Oil Company, which should not be less than 60 million Dollars per annum.

2. Credit from the Bank Melli (National Bank of Iran).

3. Sale of Government properties.

4. Credit from the International Bank for Reconstruction and Development. This sum will not be more than 250 million Dollars.

X

The Oil of Iran

I. History*

IN the year 1901, five years before the establishment of the constitutional government in Iran, the exploitation rights of oil resources of all Iran, with the exception of five northern provinces, were given in accordance with a concession, to a certain Mr. D'Arcy, a native of Australia, for a period of 60 years on the condition that the first company should be formed, within 2 years of the granting of the concession, to start operations. The concessionaire obtained the exclusive rights of extraction, transportation, refining and the sale of oil, and laying of the pipeline from the oil-fields to the Persian Gulf, to the holder of the concession. The Iranian Government, moreover, accepted to put at the disposal of the holder sterile government lands required, free of charge, and other lands belonging to the government or privately owned at a fair price. The Iranian Government more over, accepted to put at the disposal of the holder sterile government lands required, free of charge, and other lands belonging to the government or privately

* A Report presented by the National Oil Company of Iran to the Hon'ble Mr. Averell Harriman (August 1, 1951).



Messrs. Roosevelt, Churchill and Stalin, on the occasio
of the Tehran Conference in December, 194

owned at a fair price. The Iranian Government further undertook to exempt the lands and products of the Company from any kind of taxation and other charges, and the apparatus and equipment for prospecting exploration, extraction and construction of oil pipe-line from customs duties.

Further, the holder of concession was permitted to form one or several companies, provided that the Iranian Government was informed of their statute, capital and the locality of the office of these companies.

These companies were to enjoy the same rights and same obligations and responsibilities as those of the holder of the concession.

These companies were to pay 16% of their annual profit to the Iranian Government.

The Iranian Government undertook to safeguard and protect the property of the Company and, when that undertaking was fulfilled, the companies and the holder of concession had to have no rights to claim any damages on any pretext whatever.

The company undertook to employ the labour required exclusively from Iranian nationals.

On the expiration of the period of concession all the property of the Company should belong to Iranian Government. In case of a dispute the

matter had to be referred to two arbiters in Tehran who should in turn appoint a third chief arbiter.

The Iranian Government had the right to make any inspection it thought useful in order to safeguard its rights in the concession thereof.

Notwithstanding the fact that the right of inspection and audit of accounts was explicitly given to the Iranian Government, and also notwithstanding the obligatory nature of arbitration and the indisputable share of Iran in the profits of all the companies formed for exploration, extraction, refining, transportation and the sale of oil, and, finally, although the Iranian Government was exempt from payment of any indemnity after fulfilling its duties to protect the properties of the Company, yet:

1. In no time the holder of the concession permitted the Iranian Government to inspect and audit the accounts.

2. In no time the holder of the concession consented to arbitration either by two or three arbiters in Tehran.

3. Only a share was given to the Iranian Government from the incomes of the extracting and refining companies in Iran and that in accordance with the balance sheets especially cooked and prepared.

4. Instead of the payment of 16% of the

profits of these companies, only 13% of net profit had been paid and the remaining 3% were paid as land royalties to the owners of the land (although in accordance with the concession such lands had to be purchased by the Company itself).

5. On the pretext that the pipe-line had been cut during the first World War, (which was done by the instigation of the Turks), no share was given to the Iranian Government from 1916, when the distribution of profits was started until 1920. The Company claimed £400,000 compensation for the small damage to the pipe-line for which the Iranian Government was not responsible, and tried to place this claim of damage to the debit of the Iranian account contrary to the express provisions of the concession.

6. Nothing whatever was paid as share of the Iranian Government from the profits accruing to the companies formed for exploration, transportation and the sale of oil in Iran and elsewhere.

In short, the Company has never fulfilled its obligations and has always created difficulties for the Iranian Government and has not paid more than a half of the share of the Iranian Government of the profits, and the word "profits", which has been mentioned in the concession in a general sense, has been interpreted as "net profits", and this even on the basis of figures which have been arbitrarily arrived at by the Company itself.

Notwithstanding the fact that the Iranian Government granted the concession to an Australian national, the British Government, ever since 1914, has taken charge against the wishes of the Iranians, of the affairs of the Company by purchasing 56% of the shares, and by making long-term agreements which have secured the oil for the Navy at a price between 17 and 30 shillings depending on the profits of the Company—enormous economic and political harm has thereby been caused to Iran.

Finally, acting upon the advice of its legal advisers and with due consideration of the importance of oil to the British Government, the former Oil Company started from the year 1918 to pave the way for the prolongation of the period of concession.

In the year 1930 when the Income-Tax Law was put into force for the first time in Iran, the Company refrained for two years from paying the incometax from which it was not exempt. It brought further heavy pressure on Iran by refusing to pay the share of Iran from the profits (which had greatly decreased because of the world economic crisis and the fall in the price of oil). This resulted in the unilateral annulment of the D'Arcy Concession which was the Company's utmost desire in its efforts to pave the way for the prolongation of the period of its concession.

Because of the diplomatic pressure and internal agitation backed by the dispatch of warships

to the Persian Gulf, and the might of Great Britain in 1932 which created fear for the Iranian Government, the former Oil Company succeeded in forcing a new agreement upon Iran in April of 1933.

On the face of it, the 1933 Agreement doubled the income of Iran in that year, but its clauses were drafted in such a way that the Company could, and did, make unfair interpretation of them, and by refraining from carrying out their provisions it succeeded in making payments to Iran which throughout the 18 years, that had elapsed, were equal only to one half of what would have been coming to Iran had the former D'Arcy Agreement been in force whereunder the Company was not exempt from income tax.

Salient Points of the 1933 Agreement

The 1933 Agreement had been so worded as to make its clauses subject to interpretation which would be damaging to Iran's interests. The former Company could take advantage of these interpretations in order to create various economic difficulties for Iran. As these interpretations were not taken advantage of, it is not necessary to enumerate them. It is sufficient to mention one instance here:—

Clause 20 of the Agreement gives the former Company the right to sell its lands and immovable installations to subsidiary companies even during the last year of the concession. As notwithstanding repeated protests the Company had never

submitted to the Iranian Government for the approval of any changes in its statutes and those of its subsidiary companies, it therefore can change the statutes of these subsidiary companies (and convert them into independent ones), once it sold the above mentioned properties. In this way it can deprive the Iranian Government from the right of possession of such properties free of charge at the expiration of the period of Concession, and force the Iranian Government to buy them from the former subsidiary companies at a fair price.

Supposed Advantages of the 1933 Agreement

1. The area of the Concession has been reduced from 400,000 square miles to 100,000 square miles and the Company has been given five years during which it can choose this limited area.

2. According to the true purport of the former Concession the share of Iran had been fixed at 16% of the income from all exploring, extracting, refining, transportation and selling companies. Under the new Agreement Iran gets only 20% of the income from the mother company and is indirectly sharing the profits of the subsidiary and associated companies whose capital belongs totally or partly to the former Oil Company paid out from the oil income.

3. In addition to the above mentioned 20% of the profits, the Iranian Government receives as royalty and tax between 4½ to 5 shillings guaranteed by gold for every ton of oil sold. Thus the

right of Iran to income tax, as defined by the D'Arcy Agreement, was also recognised.

4. The exclusive right of the Company for the construction of pipeline to the Persian Gulf has been withdrawn.

5. The Company has undertaken to take all reasonable and suitable means for exercising economy and for the full use of its operations and protection of subterranean resources and to refrain from taking any action damaging to Iran or from not taking any action in matters which if not carried out would cause loss to the Iranian Government.

6. The Company undertakes to put all important documents, projects and drawings confidentially at the disposal of the Iranian Government.

7. The Company undertakes to earmark a sum of not more than £10,000 per annum for Iranian students to Europe, and further sending agrees to reduce in a progressive manner the number of foreign experts and technicians and to replace them by Iranian nationals.

8. The Company undertakes to provide health facilities for its employees in accordance with the modern practices prevalent in Iran.

The above were the advantages made by the 1933 Agreement, most of which were specious and many of which were never carried out.

Disadvantages of the 1933 Agreement

1. The former Company not only enjoys itself an exemption from all customs duties and other taxes, but all its subsidiary companies also benefit from these exemptions. No Iranian company or corporation exists with similar privileges.

2. A special extension has been given to the scope of the Company's operations, some of which has not so far been utilized by the Company—

3. Although the area of concession seems to have been reduced, the Company can, within the five years given to it, select the best resources on its own initiative. Thus the apparent value of the limitation of the area will be visibly reduced.

4. The former Company is permitted to buy private or government owned lands regardless of the way in which such lands are put to use, contrary to the principle now in force in the United States of America.

5. The former Company has been granted the right to sell its lands to its subsidiary companies, and, considering the interpretation made of the agreement, it would be possible for the Company to dispossess Iran from its lands and immovable properties which should be restored to Iran on the termination of the period of the agreement.

6. Although in accordance with the law even Iranian nationals have to pay a tax for utilization of any mines whether subterranean or on

the surface, the Company has acquired the right of exploitation without paying anything.

7. The Company has been granted the right to construct railways, ports, and to possess every means of communication and to have all kinds of vehicles for transport.

8. The Iranian Government has been required to pay compensation for any use it may be forced to make of the Company's means of transport and communication for national defence, instead of paying the Company the cost of using such means.

9. The Company is exempt from all regulations in force in the country for goods, food supplies and other requirements it imports in the name of its employees. These facilities have prevented any improvement in agriculture, trade and industry in the neighbourhood of the area of the concession.

10. The Company is exempt from the payment of any customs duties and other local charges of any kind on the goods it finds necessary to import for its operations in Iran. Its exports are likewise free from any customs duties and other charges. Such an exemption has not been given to any productive enterprise in Iran and not even to the Government owned institutions. The above privileges make it possible for the Company to prevent the foundation and development of any industry based on oil products in Iran,

or to oust them from the market by unfair competition.

11. The Company is not obliged to convert into Iranian currency the foreign currency it obtains from the proceeds of the sale of oil and its exports.

12. As the royalty and taxes are fixed on the basis of tonnage of oil products, the Company strives to export the most valuable, in preference to the less valuable, products.

13. With the unfair interpretation of the phrases "sold in Iran" and or "exported from Iran" the Company has refrained from paying any royalty on:

(*a*) the amount of gas which came to 3,500,000 tons in 1950

(*b*) wasted oil which probably amounted to 500,000 in that year

(*c*) oil consumed by the Company amounting to 2,000,000 tons in the same year.

14. The provision for a fixed tax based upon tonnage brought a revenue to the Government in 1933 of 4% of the Company's income equal to the maximum rate of income tax prevailing in Iran at that time, whilst in the fiscal year 1947 the revenue was said to be equal to 1.8% of the Company's income when the rate of income tax in Iran is 50%.

15. Instead of paying the royalties and taxes based upon tonnage of extracted oil in regular and monthly instalments and thus helping a great deal Iran's general budget and the expenses of the development plans, the Company practically has paid a monthly sum of no more than £750,000 during nine months of the fiscal year, although Iran's share in one fiscal year, say 1950, came to at least £15,000,000.

16. Although the Company has explicitly undertaken to safeguard Iran's interest and to exercise maximum economy in the exploitation of our resources, it burns, wastes and leaves useless all the gas produced from the operations without paying any royalty or tax for them. This happens when the Company uses a yearly amount of £2,000,000 worth of oil for generation of power for its own use.

17. Contrary to the procedure adopted in Iran towards Iranian nationals, the Company can, in Government lands within the area of the Concession, exploit forests, woods, subterranean mines and those situated on the surface of the earth without the payment of any royalties.

18. In its obligation to maintain health service, the Company basing its action upon the phrase "in accordance with the most modern scheme in practice in Iran", has used this stipulation as a pretext to deprive more than 80% of the labourers from enjoying suitable lodging, drinking water and health facilities or has made

such primary necessities difficult to obtain because of the shortage of means and inadequacy of houses.

19. Notwithstanding the fact that the abundance of oil resources in Iran allows for production at a very low price of oil products, the price is based upon that which is prevailing in the Gulf of Mexico and the Rumanian Gulf with a reduction of 10%. Thus the Company reaps a huge profit of probably more than 200% from the sale of oil products in this country; while the British Admiralty and Air Force are obtaining their requirements either free, or at most at cost price, on the strength of secret agreements they have made with the Company and by abusing the fact that they possess more than half of its shares. In this way a very heavy loss has been caused to Iran.

20. The holder of the concession has been given the right to renounce the concession subject to 2 years previous notice whilst no such right has been given to Iran even when the Company does not carry out the terms of the concession or the stipulation and obligations mentioned therein.

21. The clause on arbitration inserted in the 1933 Agreement outwardly seems to remove the disadvantages of the clause on arbitration in the D'Arcy Concession, nevertheless it fulfills the long cherished a desire of the Company to bring any dispute before one single arbiter who might

be more easily brought under the influence of the powerful British Government. It also gives to the President or the Vice-President of the permanent International Court of Arbitration the right to nominate the single arbiter whose award is final. The 1933 Agreement has transferred the locality for arbitration from Tehran to another place which would be decided upon by third or single arbiter.

22. It has been the custom of the Company to take advantage of any opportunity to obtain a document certifying the settlement of accounts every few years. It succeeded in obtaining such a certificate for the second time through the wording of the above agreement, with the result that the Company has received the certificate of settlement of all standing accounts by the payment of a small sum of one million pounds sterling.

23. The most important clause of the 1933 Agreement which is very damaging to Iran is that which refers to the prolongation of the period of the concession for a further period of 32 years, for in the year 1961 in accordance with the D'Arcy Agreement all the properties of the Company would have been left free of charge and without any compensation to the Iranian Government. The property of the Company would have therefore become the property of Iran by 1961 when the D'Arcy concession would have expired, and from 1961 to 1993 the exploitation

(income) of all Iranian oil resources which (on the basis of the present state of operation yield a minimum of £200,000,000 per year in foreign exchange to the Iranian Government) would have reverted to Iranian ownership. By the 1933 Agreement, however, Iran's income from royalties, taxes and annual profits did not exceed the sum of £15,000,000 (in that year) and no more than an annual sum of 20 million pounds are being exposed for sale to cover the miscellaneous expenses of the Company in Iran.

24. No enforceable sanctions have been provided for in the agreement in case of the Company's default and assuming that the Company is condemned, in case of arbitration, to pay a a considerable amount of indemnity and the Company refused to pay, the only remedy available in such circumstances was the annulment of the agreement, and this is a course which in such cases would only be advantageous to the Company.

The result of the foregoing is that by examining the accounts it is found that Iran has suffered considerable losses either by the Company's action in showing a small profit for the mother-company whilst making the balance sheet of its subsidiary and associated companies show a high profit, or by the sale of oil at a very low price to the British Government and other oil companies and finally by unfair interpretation of various clauses of the agreement.

If they had acted with fairness and justice and by a true interpretation of the agreement, Iran's income would have at least been double the amount which has actually reached us. Furthermore, at this stage when the Oil Industry has become nationalised Iran would not have required the services of more than a few hundred foreign technicians at most for the operations, whereas the present staff of foreign experts and employees exceeds four thousand in number. The value of such a difference is impossible to estimate.

Deviation from the Provisions of the 1933 Agreement and the unfair interpretation of its clauses

1. Although the area of concession covered only the lands in Iran the Company has tried to include the coastal waters of Iran in the areas of 100,000 square miles allocated to it.

2. The royalties and taxes were guaranteed by gold on the basis of its price in the free-market (in accordance with the spirit of the agreement). The Company, however, has based its accounts on the official price of gold which is up to 50% less than the real price.

3. Although, at the face of it, Iran shall receive 20% of the profits, the former Company can pay only such portion of this amount as it may desire and pay the balance on the termination of the Agreement, when the rate of exchange for pound sterling would have fallen

considerably. There are, however, other clauses which will further reduce the figure of the Company's debts to Iran.

4. Iran has in reality a share of 20% of the profits of the former Oil Company from all its subsidiary and associated companies. As however, such companies pay only a part of the profits to the mother-company, Iran will also receive only a part of its 20% share of the profit of these subsidiary companies. The British Tanker Company, for instance, whose capital has been totally paid up by the mother Company has had a profit of £10.000,000 in 1948 and has only paid £240,000 or 6% of its nominal capital, to the mother Company. Considering the income tax paid to the British Government, Iran's share of the ten million pounds profit, which should have been £2,000,000 has amounted to the maximum limit of £20,000 or one per cent of its legal share.

5. The share of Iran (20%) of the reserves has been interpreted by the Company to be limited to the General Reserves, whilst Iran has the right to 20% of all the incomes of the Company before the reduction of incometax by the British Government, and before the transfer of any amount of it to any reserve account whatsoever.

6. The Company, has, by its unfair misinterpretation of the agreement prevented any

control or auditing by the Iranian Government of the accounts of the Company and its subsidiary and associated companies whereas the representative of the Iranian Government has the definite right to secure all the information which is enjoyed by the share holders and furthermore Iran has a share of 20% of all the profits.

7. Notwithstanding the indisputable right of Iran to control the amount of oil exported, the Company, by using its influences, has practically prevented any such action and this is the most important cause of Iran's present dissatisfaction. As an American review has mentioned, the Company exported 56 million tons of oil in 1950 and not 32 million tons given by the Company as the total figure.

8. Taking advantage of the secretive nature of all the scientific and technical information on oil, which should be put entirely at the disposal of the Iranian Government, the Company has not in the first place put necessary data at the disposal of the Iranian Government and, in the second place, it has specially marked as confidential such meagre and useless information which it cared to give the Iranian Government relating to establishments and employees, thus preventing the publication of any information through the influence it exercised on the officials concerned, and keeping the Iranian nation in complete ignorance of all the questions and operations concerning oil.

9. Instead of adopting a practical plan for reducing the number of foreign employees and experts and replacing them by Iranian nationals, the Company has taken unfair advantage of a general scheme whereby it has not only refrained from reducing the number of these employees, but has increased it from 1,800 in 1933 to 4,200 in 1948.

In addition to the financial losses which have been inflicted on this country by this action, the Company has deprived Iran from having trained and expert Iranian employees who would have been most valuable to her in the present situation.

If the Company had put into force with good-will the clause referring to the reduction of foreign staff, today after 20 years of operations there would have been less than a few hundred foreign technicians instead of the existing four thousand.

10. Although the Company was explicitly bound to secure health, services and housing for the labourers, there are today more than 80% of the labourers who are lacking habitable living quarters and are staying in holes which resemble nothing but the primitive caves of the Stone Age. They lack every means of sanitation.

11. By issuing free shares to its former share-holders, the Company has on two occasions increased its capital obtained from its ordinary

shares and has raised the original £9,000,000 to the total of £21,000,000. Thus the Company's failure to issue shares has made ineffective the provisions of clause 18 of the agreement which was in the interest of Iran and which allow for the participation of Iran in the purchase of the Company's ordinary shares.

12. Through its right of selling its immovable property to its subsidiary companies the Company could have prevented Iran from taking possession of such property on the termination of the agreement when the ownership of such properties would have been transferred to Iran without any payment.

The result of the foregoing is that although the Company has explicitly undertaken to exercise good will and frankness and to make just and reasonable interpretation of the clauses of the agreement, it has not fulfilled its obligation stated above and has even refrained from carrying out in many cases the provisions of the agreement which has been throughout most beneficial to the Company.

The 1933 Agreement has been forced upon Iran and is therefore null and void.

The world is well aware that the 1933 Agreement was forced upon Iran in defiance of the feelings of the Iranian nation and the majority of the Government authorities of the day were almost unanimously opposed to it for the following reasons :—

1. The despatch of British warships to the Iranian waters in 1932 when Great Britain had reached the zenith of her strength after her victory in the first World War and at a time when the U.S.A. was occupied with settling her internal economic problems and Russia was also engaged in her own internal affairs. The Iranian Government of the day was a puppet of Great Britain and was expected to feel frightened of such action as the despatch of warships and also to frighten the Iranians.

2. The confession of Mr. Taqizadeh the then Minister of Finance and the present President of the Senate, in the 15th Majless when he said: "We were a few helpless men without authority who did not agree with it and we were exceedingly sorry when it happened" and, "I must say that I had nothing whatsoever to do with this matter except that my signature is appended to that paper and whether or not that signature was mine or someone else's, it would not have made the slightest difference, and what happened would have happened in any case . . . . . I personally did not approve of the prolongation of the agreement, nor did the others . . . . ."

3. The statements made by His Late Majesty when the question of the prolongation of the period was raised and the representatives of the Company threatened to leave Iran and bring negotiations to an end. He said, "It is astonishing to hear this matter which is altogether an

impossibility. We, who have been cursing for 30 years those who originally gave this concession, should not put ourselves in a position to be cursed for a further period of 50 years for agreeing to this . . . . ."

4. Supposing all the previous arguments and others were not existing, a careful study of the text of the 1933 Agreement and the limitations accepted by the Iranian Government for itself and the advantages given to the Company are sufficient to prove the fact that the 1933 Agreement was forced upon the Iranian nation. Here are further reasons:

(*a*) The 1933 Agreement gives to the Company the right to annul the contract whenever it so desires by giving two years' notice beforehand. The Iranian Government, on the contrary, undertakes not to have the right of annulment of the agreement even if the provisions of the Agreement are not carried out by the Company and not to annul it by any public or private laws. No Parliament, however, can deprive the subsequent legislatures from the exercise of their right of sovereignty.

(*b*) If the D'Arcy Agreement had not been prolonged, all the foreign currency obtained from 1961 onward from the sale of oil would have belonged to Iran. By the 1933 Agreement, however, the foreign currency which can be had by Iran is limited to the amount of royalties and

the amount of funds which the Company has to convert into rials for its needs.

For further elucidation of the above point it should be mentioned that in one year, say 1950, the income of Iran from all sources, does not amount to 40 million pounds, whilst if the concession had not been prolonged the whole income for the sale of oil amounting to 200 million pounds would have been received by Iran.

(*c*) Without the prolongation all the equipment and installations for the production of oil would have belonged to Iran in 1961 when the concession would have been terminated, and the entire income would have accrued to Iran. By the prolongation of the period Iran receives only 20% of the income and the remaining 80% goes to the coffers of the Company.

(*d*) In addition to the two glaring defects in the 1933 Agreement, the royalties and taxes and the 20% representing Iran's share of the profits were to be paid in such a way as to bring the income of the Iranian Government after the expiration of 18 years to one half of the amount which would have been coming to it if the D'Arcy Concession had still been in force.

Preliminary Legal History of the Measures Adopted for recovering Iran's Rights from the former Oil Company.

In the year 1944 a law was passed by the Majles prohibiting the granting of any oil concession. The Government of Ghavam-al-Sultaneh

deviated from the text of the law by making an arrangement with the U.S.S.R. Government for the formation of a joint Irano-Soviet Company. This Agreement was, however, rejected by the Majles in 1947 on the ground that there was no difference between granting a concession of oil and making an agreement for the formation of a joint company, and that action of the Government in that respect had been contrary to the provisions of the law. The law further provided that:

"The Government is bound to conduct necessary negotiations and take necessary measures in all cases where the rights of Iran to its resources, whether subterranean or otherwise, had been impaired, especially in case of the oil in the Southern part of the country, in order that full national rights should be restored. The Government is bound to report the results to the Majles."

From that date onward wide-spread demonstrations were made requesting the restoration of Iran's rights jeopardized by the former Oil Company, in spite of the pressure brought upon the people and the intelligent classes of the society by the puppet Government. These events culminated in the attempt against His Majesty's life in February, 1949. On that date an individual attempted to assassinate His Majesty. As the would-be assassin was immediately killed on the spot, the real instigators were never known. This became the pretext for the establishment of

Martial Law, and the suppression of newspapers that were defending the national cause. The people were not permitted free discussion and research in the question of oil as befits such a subject of vital importance. Negotiations were carried on for 8 months between the representatives of the former Oil Company and the representatives of the Iranian Government in complete secrecy concerning a new agreement on oil. The ground was prepared for presenting with urgency the so-called "Gass-Gulshaian" Agreement to the Majles just one week before the end of the legislative term, so that it might be ratified without close scrutiny.

In order to facilitate the passing of the Bill concerning the Agreement, the rules of procedure of the Majles were so changed as to prevent the members from giving long discourses on the subject. The data which had been prepared by a few people on which the speeches of the minority were based and the interpretation which was made of the new procedure against the wish of the supporters of the Company, permitted a discussion of four days' duration in the successive sittings which went on in the morning and afternoon, and the Bill was not approved in spite of the manœuvers and intrigues which were resorted to in order to prevent Mr. Makki from continuing his speech.

The period between the close of the 15th Majles and the inauguration of the 16th Majles permitted people to become cognizant of the facts

of the case by studying the articles and pamphlets published on the subject, and the harm which Iran had suffered from the D'Arcy Concession, the 1933 Agreement and the new Supplementary Agreement. The result was that the New Agreement was rejected by the 16th Majles in spite of all intrigues and pressure and interference in the elections.

It goes without saying that all the secret and open intrigues and interferences manifested during the last three years originated from the former Oil Company. In spite of all these open interferences in Tehran elections eight of the members of the Parliament, seven of them from Tehran, who were really elected by the people, succeeded in preventing the ratification by Majles of the "Gass-Golshaian" Agreement. These members backed and supported by public opinion managed to put a stop to the activities of the supporters of the Company. This group, being fully aware of the intransigence and unfair interferences of the former Company, determined to get rid of the influence of the supporters of the Company in the affairs of the State, and succeeded in obtaining the ratification of the nationalization law by the same Majles on which the Company had pinned its hopes. It was for this very reason that the Company had ventured to interfere in the elections.

Characteristic features and results of the Gass-Golshaian Agreement

The 1933 Agreement Forced upon Iran :

(1) The Company admits in the preamble

that the Government of Iran had been duped in the bargain and claims that the Supplementary Agreement has been drafted after full friendly discussion. It confirms that the new Agreement is in fact complementary to the 1933 Agreement.

(2) In clause 10 of the Supplementary Agreement, the 1933 Agreement is recognized as fully valid.

(3) Clause 2 chooses the International Court of Justice in place of the Permanent International Court of Arbitration at the Hague, which no longer exists, and whose President, or Vice-President had the right to choose the umpire or the single Arbitrator. Thus the Supplementary Agreement removes the defect which was in evidence in this respect in the 1933 Agreement.

The seeming Advantages of the Supplementary Agreement :

1. The royalties have been raised from 4 shillings to 6 shillings, which means an increase of 50%.

2. The rate of taxes has been raised to one shilling per ton, which means an increase of 20 to 25%.

3. The Company agrees not to deduct the British Income tax from Iran's share of the profits. In other words the Company undertakes to pay

Iran's share of tax from Iran's share of 20% of the profits before the deduction of the British Income-tax.

4. The Company agrees to pay in full Iran's share of 20% every year in a lump sum as soon as the Company's Balance Sheet is presented, contrary to its practice up to that date.

5. With regard to the past the Company agrees to pay in a lump sum Iran's share of the reserves held by the Company.

6. Iran's 20% share in profits and reserves is guaranteed at a minimum of 4,000,000 per annum.

7. Although the Agreement was submitted in 1949, the Company accepts to consider it as retroactive in so far as it refers to the increase of the amount of the royalty and taxes for 1948.

8. Instead of a reduction of 10% from the cheapest price of oil at the Gulf of Mexico or the Rumanian Gulf, the Company agrees to a reduction of 25% as a basis of the price of oil in Iran.

The Defects of the Supplementary Agreement :

1. The Supplementary Agreement in its preamable and Clauses 1 and 10 would have confirmed the invalid Agreement of 1933, which was forced upon Iran and would have deprived the Iranian nation of the rights which would have been otherwise enjoyed by them.

2. By fixing the amount to be paid by the former Company as royalty and taxation for the year 1948, and retroactively for the previous years in pound notes, the gold clause which has been subject of dispute has been tacitly interpreted according to the views of the Company, whereas the Iranian interpretation has been the correct one according to legal and financial experts such as Mr. Van Zeeland.

3. By an interpretation of the gold clause and considering the difference of about 50% between the real price of gold and the official price, Iran's income from royalties and taxes would not have increased but would have rather decreased by a certain percentage (5% to 10%).

4. By fixing the amount of Iran's share in the General Reserve for 1948, the exemption of Iran's shares from taxes in profits and reserves was limited to exemption from British income tax and thus established a legal and definite justification for the levying of any other tax whereas according to international practice no Government can levy taxes upon another Government.

5. Under circumstances beyond the control of the Company when oil production might be stopped and the Company might be unable to export oil from Iran, the minimum of £4,000,000 guaranteed would be proportionately with the period of such stoppage of oil exports. In case this stoppage continues for a whole year no sum

would be paid as minimum, whereas under the former Agreement Iran continued to receive a minimum of £750,000 under any circumstances whatever.

6. By paying the amounts fixed in the Supplementary Agreement and considering the phraseology of other clauses thereof, all the claims of the Iranian Government against the former Company would have been settled without there being any specific reference to any settlement of accounts and claims.

7. In spite of its plausible appearance and the larger reduction allowed on the basic price of oil products, the Supplementary Agreement has provided that the minimum price should thenceforth be based on the price of oil in the Gulf of Mexico alone, instead of prices prevailing in the Gulf of Mexico and Gulf of Rumania.

The prices in the Gulf of Mexico are constantly increasing as a result of the shifting of the centre of gravity of the oil exports from the Gulf of Mexico to the Persian Gulf and the decline in the export of oil from the United States of America. Accordingly the prices of oil products in Iran would have increased and the basic prices have now increased by over 70%.

8. Even if we overlook all other defects of the Agreement and the damaging results of the unfair interpretation of the question of gold clause, and assume that such interpretation is correct,

and disregard the decrease which has resulted in the income of Iran by that unfair interpretation, and admit for the moment that the Iranian royalty and taxation has been increased by some 50%, it must be borne in mind that the increase in the income of the Company from the sale of oil in Iran not only would have compensated the additional sum which would have been paid to Iran on royalties and taxes, but the sharp increase in the consumption of oil would have caused, in the long run, a financial loss to Iran.

9. Although in accordance with the 1933 Agreement Iran had a 20% share in all reserves of the Company, the Supplementary Agreement limited Iran's rights to the General Reserve, and would have deprived Iran of its rights in all other reserves entirely and for ever.

10. The amount owed by the Company to Iran on account of reserves should have been no doubt paid from the former and existing reserves. In the Balance Sheet for 1948, it became evident that the sum of £11,000,000 due to us up to the end of 1948 on reserves were paid from the secret reserves which were deducted from the 1948 income. This action has therefore caused a loss of about £2,200,000 to Iran's share.

11. Upon payment of a part of our share in the General Reserve all our claims on the subsidiary and allied companies (20% of whose assets in the opinion of legal advisers belonging to Iran) would have been liquidated.

Consequently had the Supplementary Agreement been ratified by the Parliament, the Iranian nation would not have been any better off from the increase in its income, but it would have paid back to the Company the amount of the supposed increase in royalty and tax, by the payment of the additional sum of the increase in the price of oil. Thus Iran would have suffered several million pounds in losses by substituting the Supplementary Agreement for the 1933 Agreement, because the rise in the price of fuel would have had its adverse effect on the cost of living and would have acted as a setback to other industries in Iran.

Considering the fact that the 1933 Agreement had halved Iran's income under the D'Arcy Concession, it follows that the former Company's agreements were always so concluded as to ultimately and gradually cause additional losses to Iran's revenues.

How the idea of Nationalisation of oil was conceived:

As the representatives of the former Company always claimed that the Supplementary Agreement was in every respect beneficial to Iran and that they were not prepared to change any of its clauses, and in particular to make any alterations in the share of Iran, a group of Iranians who led the movement tried to find a solution for that impasse. They came to the conclusion that only by the nationalisation of

oil throughout the country and by undertaking to pay the just claims of the former Company could the difficulties so far created be overcome. Such action would also be despairing to other countries which were waiting for the ratification of the Supplementary Agreement in order to claim a share in the oil of Iran's Northern provinces. Thus the danger threatening Iran and its neighbours and especially the Western democracies could be averted.

It is to prevent such a situation that Iran has refused, in all sincerity and candour, to accept "some sort" of nationalisation proposed by the representatives of the former Company and to undermine any part of the law based on the nation's right of soverignity. The same motive has prompted the nation to refuse annulment of the law concerning the modus operandi of nationalisation in order that such an action should stop other Governments from exercising pressure to obtain similar advantages.

The submission to the provisions of the Nationalisation law is, in effect, a respect shown to the laws of a free and independent nation. By this action alone can the dangerous roads which have always been open from the north be closed for ever to the ultimate advantage of Iran and the free world.

Motives behind Nationalisation of Oil :

Although the world is well aware that the idea



DARBAND, a famous Health Resort on the Caspian Coast of Iran

of the Nationalisation of Oil Industry all over Iran was the unanimous wish of all Iranians and no foreign government had a hand in it, it must be borne in mind that the slogan of the individuals directly or indirectly inspired by the Russian policy was as follows :

1. The proclamation of the annulment of the D'Arcy Concession and the 1933 Agreement.

2. Confiscation of all the properties of the Company.

3. The Nationalisation of the Southern Oil.

Had these aims been achieved, and the aims of the leftists or pseudo-leftists were realised, Iran would neither have been able to dispossess the former Company from its oil resources, nor could it prevent Soviet Russia or other countries from asking for concessions on other oil areas of Iran. The success over nationalisation of the southern areas would not have been considered as an impediment to Soviet Russia in her request for concession in other parts of Iran a question which, in her own interest and that of all the free nations of the world, Iran has been and is anxious to avoid.

The dangers of non-execution of the Nationalisation laws concerning oil :

If the Nationalisation laws are not executed in the form they have been ratified, or if any alterations are made in them it will have the following results :—

(1) Soviet Russia can ask for a special alteration in order that a permission for a concession be obtained in the same manner as has been applied in the southern area.

(2) With due consideration to the public opinion and the influences which the former Company has exercised in the internal affairs of Iran and the pressures brought to bear on Iran, a wave of dissatisfaction would spread over Iran whose people had considered the nationalisation plan and the termination of the Company's interferences as the only remedy for all their ailments, anxiously awaiting as they have been to see the result of their sacrifices and efforts. They would lose their power of resistance when they were despaired of their leader's frankness. Such circumstances will give enormous advantage to the extreme leftist elements who will make full use of this dissatisfaction to bring the situation under their own control against the interests of Iran and all the free nations of the world.

In case the Western nations disagree with the full execution of the laws relating to the nationalisation of the oil industry and prevent the exportation of the oil by refraining from giving technical assistance this would result in closing down production installations and unemployment, and a state of extreme poverty would ensue, and there would be no other alternative for the people of Iran, of whom 95% are extremely poor

and nevertheless abhor communism for religious and patriotic reasons, but to seek refuge in communism.

What has been said above concerns the ill-effects of the Company's activities on the national economy of Iran which has been shattered to a point incapable of any repairs. But more important and more fundamental than that is the havoc it has wrought upon the political independence and public morality of the people through its activities and through its agents.

This point is clear to the Iranian people and they harbour no doubts in their minds that the former Anglo-Iranian Oil Company, in order to assure itself of additional illicit profits and to have no anxiety of being supervised in its doings, has not hesitated to intervene in every phase of Iranian political life. It has had a hand in the parliamentary elections, in the formation of political parties, in misleading the press, and even has had a hand in the formation of Cabinets. The documents recently found in the Company's Bureau of Information and the Press are undeniable proofs that this office has been a centre of espionage; and has been the rallying centre of all those unfortunate individuals, who through the Company's temptations and through its unsalutary financial and political influence over a period of 50 years, have deviated from the path of honour, and have offered their services to the Company against the interests of their own country.

The persistent protection of the Company bestowed upon it by the British Government has left a feeling of disgust with every Iranian, a memory which shall never be forgotten. As a result this situation you see this exceptional national unification with the sole aim of overthrowing this distasteful imperialistic yoke. The renewal of the imposed 1933 Agreement, and the extension of the term of the Agreement against the will of the people, could not have been realized but through illicit intervention of the British Government, its underhand methods, threats and intimidations and direct pressure brought to bear upon the Iranian Government. For every Iranian these are conspicuous and black lines in the national history which shall never be forgotten. Taking into consideration the recent world developments and the changes which have taken place in political and social thoughts in the Orient, particularly in Iran, the British Government, though not being a party to the contract, has not failed to extend its illegal protection to the Company by sending its warships to the Persian Gulf, and through poisoning the public opinion of the world by false propaganda and intrigues in Iran. In fact the British Government, through the instrumentality of the Company, has reduced Iran into a colony for its selfish ends; and it is absolutely unimaginable for the people of Iran, who are well informed of the modern world situation, to be able to bear such an insult.

The Iranian nation firmly believes that all its

shortcomings in the various phases of its social economic, educational and moral life are the direct outcome of the greed and lust of the former Company; and in order to acquire its lost political independence, is willing to undergo any hardships, even the loss of such a great source of revenue; while Iran is greatly interested in keeping this great industry running and in ensuring the flow of its products to the free world.

Another factor which has greatly influenced Iran in its decision to nationalise its oil resources all over the country has been its desire to bring about a balance of power which is an essential factor in the keeping of world peace and security. For it desires to keep always aloof from the intervention and the penetration of various schools of political thought; and to follow its course of development unmolested. Having nationalised its oil resources all over the country, there would be no place for any forthcoming request from a third party demanding a new concession in other oil-fields.

Having in mind the points enumerated above, it will become obvious that Iran by its action in the nationalisation of its oil resources has exercised one of its most elemental rights of sovereignty which is greatly supported by the United Nations Organization, and duly expects the free nations of the world to give their support to its action and its resultant decision.

The Prime Minister's Report* to Majles, on the Official Recognition of the Principle of the Nationalisation of Oil in Iran by the British Government and the Former Anglo-Iranian Oil Company submitted at the session of 13th Mordad, 1330, (August 5, 1951).

**On 30th Khordad, 1330, (June 21, 1951) I brought the full text of the negotiations with the British Delegation to your notice, and explained that in spite of the fact that the Government had explicitly pointed out its willingness to enter into negotiations only within the limits of the Nationalisation Law, the British Delegation, after having requested for repeated respites, submitted an unexpected note at 8 p.m. on Khordad 28, 1330 (June 19, 1951) at the Prime Minister's Residence which was quite inconsistent with the laws of oil nationalisation. Consequently the Iranian Government stopped the negotiations and the British Delegation left Tehran the following day. Immediately necessary instructions were issued to take over the oil installations and were forthwith carried out.

On Tir 17, (July 9, 1951) H. E. the American Ambassador submitted a letter from Mr. Truman, President of the United States of America. After expressing his interest for a peaceful settlement of the oil dispute, the President, had proposed to send Mr. Averell Harriman as a special envoy to Iran to discuss the matter with me and the Iranian Government. Thanking him for his

*Tehran, August 12, 1951. **Translation not guaranteed.

goodwill, I informed the President, that the Iranian Government was prepared to enter into negotiation with a view to settle all the disputes and welcomed the envoy of the President, provided that our national rights were recognized in accordance with the law of Oil Nationalisation.

Pursuant to this message, Mr. Averell Harriman arrived in Tehran on Sunday, Tir 23 (July 15, 1951) at 11 a.m. The following day he called on me to discuss the matter and after subsequent discussion, the Minister of Finance on behalf of the Government, and Messers Dr. Matin Daftari, Dr. Reza Zadeh Shaffaq, Dr. Shayegan and Alah-yar Saleh on behalf of the Mixed Parliamentary Board, were appointed to enter into negotiations with Mr. Averell Harriman. As a result of these negotiations, in a joint session of the Cabinet and the Mixed Parliamentary Board held at my private residence on Monday, Tir 31 (July 23, 1951), the following formula was drawn up and sanctioned and was submitted to Mr. Harriman as the final view of the Iranian Government.

The Council of Ministers and the Mixed Oil Commission in their meeting of 31st Tir, 1330, held at the residence of His Excellency Dr. Mossadeq, the Prime Minister, approved the following formula :

1. In case the British Government on behalf of the former Anglo-Iranian Oil Company recognizes the principle of nationalisation of the industry in Iran, the Iranian Government would

be prepared to enter into negotiations with representatives of the British Government on behalf of the former Company.

2. Before sending representatives to Tehran the British Government should make a formal statement of its consent to the principle of nationalisation of the oil industry on behalf of the former Company.

3. By the principle of nationalisation of the oil industry is meant the proposal which was approved by the Special Oil Committee of the Majles and was confirmed by the law of Esfand 29, 1329 (March 20, 1951), the text of which proposal is quoted hereunder :

"In the name of the prosperity of the Iranian nation and with a view to helping secure world peace we, the undersigned, propose that the oil industry of Iran be declared as nationalised throughout all regions of the country without exception, that is to say, all operations for exploration, extraction and exploitation shall be in the hands of the Government."

In this connection for Mr. Harriman's further information a copy of the note which the representatives of the former oil company submitted to the Iranian Government on their method of accepting the principle of the nationalisation of the oil industry, which (note) was not accepted is being herewith enclosed.

4. The Iranian Government is prepared to negotiate in the manner in which the law will be carried out in so far as it affects British interest.

Now I wish to bring to your notice the text of the note of the Delegation of the former Anglo-Iranian Oil Company which was not accepted by the Iranian Government.

Memorandum :

In the aide memoire which His Excellency the Minister of Finance handed to the Company's Chief Representative in Tehran at the end of last month, it was indicated to the Company that the Imperial Iranian Government was anxious to benefit from the experience and knowledge of the Company, and was prepared to take into consideration any proposals made by the Company provided that they were not at variance with the principle of the nationalisation of oil.

The Company wishes now to make at once a constructive interim proposal as an earnest of our desire to reach as soon as possible a workable arrangement by which the Government may be able to make use of the Company's experience. Accordingly, the Delegation has authority from the Company to place at the Government's disposal the sum of £10 millions as an advance against any sum which may become due to the Government as a result of an eventual agreement between the Government and the Company, on the understanding that the Government undertakes

not to interfere with the Company's operations while discussions are proceeding.

We further offer to pay to the Government the sum of £3 millions a month from July onwards during the period which may ensue before an arrangement is reached.

I said at our previous meeting that we were most ready, whilst fully reserving all our rights, to try to work out with you a satisfactory arrangement which would maintain the efficiency of the industry and would be consistent with the principle of nationalisation. We have it in mind that a scheme on the following lines might form a possible basis for an arrangement:

The Iranian assets of the Company would be vested in an Iranian National Oil Company and in consideration of such vesting the National Oil Company would grant the use of the assets to a new Company to be established by Anglo-Iranian Oil Company Limited. The new Company would have a number of Iranian directors on its Board and would operate on behalf of the Iranian National Oil Company. The distribution business in Iran would be transferred to an entirely Iranian owned and operated Company on favourable terms as regards the transfer of existing assets.

The above is an outline only of a possible framework. We put it forward as a constructive effort to suggest a basis for discussion.

We have given the fullest consideration to the points made by His Excellency the Minister of Finance at our meeting on June 14th. If we were correct in understanding that His Excellency's suggestion was that as from 20th March the Company should hand over to the Government the total proceeds (less expenses) from sales of Iranian oil, from which 25% would be deposited in a mutually agreed Bank against any probable claims of the Company, we are unable to accept such a suggestion. The Delegation has come out for discussions and regards it as unjustifiable that the Iranian Government should put forward a demand of this kind before the discussions have even started. We are, moreover, confident that when in our future talks we have been able to explain to you in more detail the machinery of our business, you will come to agree with us that such a demand would be neither commercially possible nor acceptable to any oil company.

Mr. Harriman volunteered personally to submit the aforesaid formula to the British Government and with this object in view, flew to London on Friday, 4th Mordad (July 29, 1951). On 6th Mordad (July 29, 1951) the following note from the British Government was submitted by the British Embassy to the Iranian Government:

"His Majesty's Government have received from Mr. Harriman the Iranian Government's

proposal for negotiation between His Majesty's Government, on behalf of the Anglo-Iranian Oil Company, and the Iranian Government, and for discussions of matters of mutual interest to the two Governments.

"His Majesty's Government are desirous of availing themselves of this invitation but it will be appreciated by the Iranian Government that the negotiations, which His Majesty's Government for their part will enter into with the utmost goodwill, can be conducted in a satisfactory manner only if the present tension which exists in the South is relieved. On the assurance that the Iranian Government recognizes this fact and will enter into discussions in the same spirit, a mission headed by a Cabinet minister will immediately set out.

"His Majesty's Government recognize on their own behalf, and on that of the Company, the principle of the nationalisation of the oil industry in Iran."

On the afternoon of Mordad 6, (July, 29, 1951) a proposal was made by the American Embassy to the Iranian Government that if the latter agrees with the British Government's proposal, a reply should be sent to the latter through Mr. Harriman as follows:

"The Iranian Government is pleased that the British Government is sending a Mission to Iran in accordance with the proposal submitted

through Mr. Harriman. The Iranian Government recognizes the desirability of easing tension in the South, from the point of view of both Governments and in the interest of the success of the negotiations, which the Iranian Government will enter into in the same spirit of goodwill expressed by the British Government."

But the above proposal, whereby the Iranian Government would have been committed to recognize the so-called tension in Khuzistan and try to remove the same was rejected for the following reasons: "As it was likely that advantage may be taken from the ambiguity of this term and that the action of the Iranian Government in taking over the Company's installations may be interpreted to have caused the so-called tension, and the Iranian Government would then be bound to undo what it had already done." On Sunday evening, Mordad 6, (July 29, 1951) in a joint session of the Cabinet and the Mixed Parliament Board another letter was prepared and despatched instead of the former letter which reads as follows:

"The Imperial Government of Iran is pleased to note that in accordance with the formula dated Monday July 23, 1951 (Tirmah 31, 1330) which was submitted to His Excellency Averell Harriman, His Britannic Majesty's Government on its own behalf and on behalf of the former Oil Company formally recognizes the principle of nationalisation of the oil industry in Iran.

The Iranian Government expects that this formal recognition should be openly brought to the knowledge of the public, and it is pleased that the British Government intends to send a Mission to Tehran on behalf of the former Oil Company to negotiate with the Government and with the competent authorities, and at the same time to discuss with the Iranian Government the method of execution of the law in so far as it refers to the mutual interests of the two countries. The Iranian Government believes that no tension exists in Khuzistan and is sure that the formal recognition of the principle of nationalisation of the oil industry will create a more favourable atmosphere in order that the negotiations referred to above may be conducted with a spirit of sincerity and goodwill."

—Dr. Mossadeq
Prime Minister

The following day, *i.e.* on Mordad 7, (July 30, 1951) I received the following note from H.E. the American Ambassador :

American Embassy, Tehran
July 30, 1951

My dear Mr. Prime Minister :

I have just received an urgent telegram from Mr. Harriman in which he states that he does not feel that he can pass on to British Government the message which you handed me last

night. He considers that it would not encourage the re-opening of negotiations.

Mr. Harriman suggests that Your Excellency and your associates may find it possible to reconsider as a matter of great urgency the proposed reply to the British Government. He is confident that arrangements can be made for the immediate dispatch of a British Government mission, provided the response of the Iranian Government can be couched in more favourable language.

Being aware of Your Excellency's great interest in the matter and of the desire of your Government to reach a favourable solution to the oil problem, I sincerely hope that you will be able to reconsider your proposed message of last night.

Yours sincerely,

His Excellency
Dr. Mohammed Mossadeq,
Prime Minister.

Henry F. Grady

I sent the following letter to the American Ambassador in reply.

My dear Ambassador,

In reply to your note of Mordad 7, 1330 (July 30, 1951), I shall be very grateful if you will kindly ask Mr. Harriman which part of my message cabled to him last night through Your

Excellency has created difficulties and has caused him to consider that it would not encourage the re-opening of negotiations, and he has therefore refrained from submitting it to the British Government.

I avail myself of this opportunity of renewing my highest considerations.

Dr. Mohammed Mossadeq

The following day Mr. Harriman returned to Tehran by air and three days later, *i.e.* on Friday Mordad 11, (August 3, 1951) Mr. Middleton, the Chargé d'Affaires of the British Embassy called at the Ministry of Foreign Affairs and submitted the following note to the Minister of Foreign Affairs:

British Embassy,
Tehran.
3rd August, 1951.
No. 100

M. le Ministre,

I have the honour to inform Your Excellency on instructions from my Government that they have received through Mr. Harriman the Imperial Government's formula for negotiations between the Imperial Government and His Majesty's Government on behalf of the Anglo-Iranian Oil Company and for discussion on matters of mutual interest to the two Governments.

2. His Majesty's Government are desirous of availing themselves of this formula and are prepared to negotiate in accordance with it, but it will be appreciated by the Imperial Government that negotiations, which His Majesty's Government for their part will enter into with the utmost goodwill cannot be conducted in a satisfactory manner unless the present atmosphere is relieved. On the assurance that the Imperial Government recognize this fact and will enter into discussions in the same spirit, a mission headed by a Cabinet Minister will immediately set out.

3. His Majesty's Government recognize on their own behalf and on that of the Company, the principle of the nationalisation of the oil industry in Iran.

I avail myself of this occasion to Your Excellency the assurances of my highest respect.

G.H. Middleton C.M.G.
Chargé d'Affaires

H.E.M. Baqir Kazimi,
Imperial Ministry for
Foreign Affairs,
Tehran.

At the same time the following note was sent by the Minister of Foreign Affairs to the Chargé d'Affaires of the British Embassy :

17202
11 Mordad 1330
Monsieur le Chargé d'Affaires,

In reply to your letter of 3rd August, 1951, No. 100, I have to inform you that the Iranian Government is pleased that, in accordance with the formula submitted by Mr. Averell Harriman, the British Government has recognized on its own behalf and on that of the former company the principle of nationalisation of the oil industry in Iran, and is sending a mission to Iran to negotiate. The Iranian Government recognizes the essentiality, in the interest of the success of the negotiations, of both governments creating the best possible atmosphere, and will enter into the negotiations in the same spirit of goodwill expressed by the British Government.

Please accept, Monsieur le Chargé d'Affaires, the assurances of my distinguished consideration.

B. Kazimi
Minister of Foreign Affairs

Mr. G. H. Middleton C. M. G.
Chargé d'Affaires
British Embassy,
Tehran.

The Chargé d'Affaires of the British Embassy, in a separate letter, informed the Minister of the Foreign Affairs of the British Government's intention to send a Delegation to Tehran headed

by Mr. Stokes, Lord Privy Seal.

British Embassy,
Tehran.
3rd August, 1951
No. 101

Monsieur le Ministre,

I have the honour to refer to the letter in which Your Excellency has informed me of the Iranian Government's readiness to enter into negotiations with His Majesty's Government on behalf of the Anglo-Iranian Oil Company and to discuss matters of mutual interest to the two Governments.

2. I am authorised by my Government to inform Your Excellency that they propose to send a Mission headed by the Right Honourable R. R. Stokes, M. C., Lord Privy Seal. Mr. Stokes will be accompanied by the following advisers: Sir Donald Fergusson, G. C. B. and Dr. W. L. F. Nuttall of the Ministry of Fuel and Power; Mr. M. T. Flett of His Majesty's Treasury; and the Honourable Mr. P. E. Ramsbotham of the Foreign Office. The Mission will also include five representatives of the Anglo-Iranian Oil Company and four clerical assistants.

3. It is proposed that the Mission shall leave London at 15.00 G.M.T. on Friday, August 3rd and reach Tehran at about 17.30 hours local time on Saturday August 4th.

I avail myself of this occasion to renew to Your Excellency the assurances of my highest consideration.

G. H. Middleton, C. M. G.
Chargé d'Affaires.

H. E. M. Baqir Kazimi,
Imperial Ministry of Foreign Affairs,
Tehran.

In reply to the above letter, the Minister of Foreign Affairs invited the Delegation to be guests of the Iranian Government during their stay in Tehran.

17200

Mordad 11, 1330

Monsieur le Chargé d'Affaires,

In reply to your letter of 3rd August 1951, No. 101, I have to inform you that the Iranian Government is pleased to know that a mission headed by Mr. Stokes is coming to Iran. My Government is further pleased to extend its invitation to the mission to be the guest of Iran during the period of its stay in this country.

His Excellency Senator Javad Boushehri, the Minister of Communications, has been appointed official host of the mission by the Iranian Government.

Please accept, Monsieur le Chargé d'Affaires, the assurance of my distinguished consideration.

B. Kazimi
Minister of Foreign Affairs.

Mr. G. H. Middleton. C. M. G.
Chargé d'Affaires
British Embassy
Tehran.

The Chargè d'Affaires of the British Embassy through the following letter sent his cordial acceptance of the invitation of the Iranian Government.

British Embassy,
Tehran.
3rd August, 1951
No. 102

M. le Ministre,

I have the honour to acknowledge Your Excellency's note of the 3rd August inviting the Lord Privy Seal and his party to be guests of the Imperial Iranian Government during the stay of the British Mission in Tehran.

2. I am instructed to convey to Your Excellency the acceptance of His Majesty's Government of this kind invitation and to request Your Excellency to express to the Imperial Iranian Government the sincere appreciation of His Majesty's Government for their offer of hospitality.

I avail myself of this occasion to renew to Your Excellency the assurances of my highest consideration.

G.H. Middleton C.M.G.
Chargé d'Affaires

H.E.M. Baqir Kazimi,
Imperial Ministry of Foreign Affairs,
Tehran.

Besides, another letter was sent by Br. B. Kazimi, the Minister of Foreign Affairs, to the Chargé d'Affaires of the British Embassy as follows :—

17204
Mordad 11, 1330.

Monsieur le Chargé d'Affaires

I am enclosing for your information the minute of the Council of Ministers setting forth the formula handed to the Honourable Averell Harriman on the 31st Tirmah 1330, and referred to in your letter No. 100 dated 3rd August 1951 and my reply No. 17202 dated, Mordad 1330.

Please accept, Monsieur le Chargé d'Affaires, the assurances of my distinguished consideration.

B. Kazimi
Minister of Foreign Affairs

Mr. G.H. Middleton C.M.G.
Chargé d'Affaires
British Embassy
Tehran,

This is a summary of the steps which have been taken for the settlement of the differences since the arrival of Mr. Averell Harriman up to the present.

I consider it a personal duty at this occasion and at this present session of Parliament to offer my sincere thanks to Mr. Harriman for the very sincere and fruitful help which he has rendered us during this short period of his sojourn in Iran. For the least tangible result which has been procured through his helpful co-operation is that through negotiations the long standing dispute of 42 years duration with reference to the southern oil concession (ten years of which refer to the D'Arcy concession up to the year 1961 and 32 more years have to do with the 1933 Agreement which expires in 1993) have been totally and successfully settled. I do hope that with his co-operation a desirable result will be procured and with the good-will prevailing between the two parties all the existing differences shall be solved on the basis of the legal rights of Iran.

The Prime Minister's Report to Majles, on the Developments of Saheb Gharanieh Oil Conference Submitted at the Session of 30th Mordad, 1330 (August 22, 1951).

*A full account of the oil negotiations and the letters exchanged, which after the arrival of Mr. Averell Harriman, the Special Envoy of President Truman, led to the arrival of the British Government Delegation on behalf of the former Anglo-Iranian Oil Company and the recognition of the principle of the Oil Nationalisation as defined in the relevant Iranian Law, was brought to the notice of the Honourable Deputies of the Senate

*Translation not guaranteed.

and Majles on Mordad 12 and 13 respectively.

It is now essential to inform the Honourable Deputies of the negotiations with the British Delegation since their arrival.

As the Honourable Deputies are already well aware the British Delegation, headed by His Excellency R. R. Stokes, the Lord Privy Seal, arrived in Tehran on Mordad 12, 1330 (August 4, 1951).

A Delegation was appointed by the Iranian Government composed of the following personalities to carry on the relevant negotiations with the British Delegation :

1. Mr. Varasteh, Minister of Finance, Head of the Iranian Delegation (to represent the Government).

   Dr. K. Sanjabi, Minister of Education, member of the Delegation (to represent the Government).

2. At the request of the Government and on behalf of the Mixed Parliamentary Board the following were elected as members of the Iranian Delegation :

   Dr. Matin Daftari and Dr. Shafaq from the Senate and Mr. Allah-Yar Saleh and Dr. Shayegan from the Majles.

3. Mr. Hassibi as the technical advisor of the Delegation.

The two Delegations met for the time on Monday, Mordad 14, at Saheb-Qaranieh Palace. After the exchange of compliments Mr. Stokes, the Lord Privy Seal, gave the definition of the possible basis of negotiations and submitted the principles of his statements as a memorandum to the Iranian Delegation as follows:

Record of Remarks by the Leader of the United Kingdom Delegation on 6th August 1951.

The Lord Privy Seal began by thanking the Iranian Government for the very cordial reception that had been accorded to him and his delegation on their arrival in Tehran. He felt that this was a good sign of the improved atmosphere between the two countries which his Government so much desired to see and hoped that it was the beginning of a long period of friendliness and co-operation between the two countries. It had been well said that friendship was stronger after a slight quarrel between friends.

Mr. Stokes then turned to the reasons for the presence of the U. K. Delegation in Tehran. They had come to negotiate on behalf of the Oil Company in accordance with the formula submitted to H. M. G. by Mr. Harriman on behalf of the Government of Iran. In the understanding of H. M. G. that formula was the recognition of the principle of nationalisation of the oil industry in Iran according to the law of 20th March 1951, which provides that "All operations for exploration, extraction and exploitation of

Iranian oil are to be under the authority of the Imperial Government." His delegation had come to discuss the implementation of that law in so far as it affected British interests. These interests were very wide. There were no less than 40,000 private shareholders who had been affected by the new law and H. M. G. were determined to see that British interests were upheld. The Lord Privy Seal was convinced, however, that these interests, far from being antagonistic to those of Iran, were fundamentally the same. It was of vital concern to both countries that the great industry which they had built up in co-operation should continue to flourish and he could see no means of achieving this except by the continuance of co-operation between the two countries. If co-operation ceased the industry would founder with catastrophic consequences to Iran and benefit to no one but world Communism.

The British Delegation had not come with any clear-cut comprehensive proposals. It was their desire that, in consultation with the Iranian Delegation, they should construct the framework of the partnership that in the view of H. M. G. was essential to the efficient operation of the great Iranian oil industry. He would, however, emphasise two points which he felt that both sides should keep constantly in mind. In the first place he would emphasise the great urgency of restarting the industry. Secondly any solution arrived at must agree with the principles of justice and be fair and equitable.

As regards the urgent need to restart the flow of oil Mr. Stokes made the following points :

(*a*) The flow of oil was essential to the general economy of Iran. The team of British experts upon whom the industry depended would not hold together much longer. The experts had already declared their refusal to work for any organisation which in their own considered judgment was not 100% technically and administratively efficient.

(*b*) The tankers which had served Iran in the past were already busy elsewhere rushing oil to Iran's normal customers.

(*c*) In a very short time a matter of weeks only—the oil companies of the world would have made such arrangements for increased supplies of oil from countries other than Iran that there would no longer be any necessity for Iranian oil at all. In this connection he drew the attention of the Iranian Delegation to an article on the question of the replacement of Iranian oil which had appeared in the London "Financial Times" of 1st August 1951.

(*d*) Even if all impediments to the resumption of production were removed immediately it would take anything from 6 to 10 weeks before the plant at Abadan could function.

Mr. Stokes said that it seemed to him to be very tragic that in spite of all these dangers the Government of Iran appeared to have decided to commit economic suicide, which would lead to revolution and to communism. This seemed to him to be all the more surprising in view of the old Iranian proverb which he recalled from childhood days and which was often quoted in England "Look before you leap." Perhaps the trouble was that the look had not been far enough ahead. Mr. Stokes felt that it was because of the immense dangers involved in the present situation that Mr. Truman had sent his personal representative Mr. Harriman and H. M. G. had sent a Cabinet Mission in order to prevent an impending tragedy. Everyone was anxious in the interests of the world that a solution should be found quickly and that the oil should start to flow.

In conclusion Mr. Stokes offered certain personal reflections which he felt might be useful to the Iranian Delegation. He felt for instance that nothing could be gained in the present discussions by dwelling on past controversies. It was the immediate and more distant future that should be kept constantly in mind.

Again nothing could ever come out of hate. Dislike of the Oil Company and determination that it should not operate in Iran contributed in no way towards the production of oil.

Above all he felt that the Iranian Government

would want to produce as much oil as possible in order to devote the proceeds from its disposal to the general welfare of the Iranian people. With this aim Britain was wholeheartedly in agreement. But, to refuse to use the tools which were ready to hand would be to give way to fanaticism, which had been aptly defined as "to redouble your effort when you have forgotten your aim." The aim was the welfare of Iran : the instruments to hand were the highly qualified technical staff available in the south and the company's fleet of tankers which was the largest in the world. To refuse to use these tools might well lead to the economic ruin of Iran.

The aims of Britain and Iran were fundamentally the same; the improvement of the lot of the common people and the survival of a strong, free and independent Iran which could face the communist menace with confidence.

Mr. Stokes ended by saying that the Atlantic nations were determined that there should be no third world war and that free people should remain free where ever they were. For this reason they were building up their strength in the firm determination to resist tyranny and aggression.

In the following session held on Mordad 16, (August 8) His Excellency Mr. Varasteh, head of the Iranian Delegation, made the following verbal reply which was prepared with the sanction of the Council of Ministers and the Mixed Parlia-

mentary Board and submitted the same in writing as a memorandum at the close of the session to the British Delegation which reads as follows:

On behalf of the Iranian Government I deem it necessary to express my thanks and pleasure once more on the occasion of your arrival. The fact that His Majesty's Government have considered it necessary to send a Government Mission to Tehran to carry on negotiations with the Iranian Government on behalf of the former Anglo-Iranian Oil Company with relation to the manner of the enforcement of the Oil Nationalisation Law in so far as it affects the British interests, is surely a welcome sign that has manifested itself in your country regarding a better understanding of the meaning of our laws and the good-will of the Iranian Government. As the only factors which have dominated the Iranian Parliament and Government in the present situation are truth and justice accompanied with a devotion to logic, we are delighted to see that at last justice and truth have found their way as ever before to relieve the existing misunderstandings, I hope that the short sojourn of the Honourable Delegation in Iran, and particularly the short trip of Mr. Stokes to Abadan, shall have revealed to them the depth of the national sentiments and the necessity for the steps that the Iranian Government have taken in all sincerity and good-will to relieve the situation.

I am sure you have noticed that the Iranian

People consider the Nationalisation of Oil as a Renaissance and the beginning of a new life for the country.

If I am not mistaken, the main purport of Mr. Stokes's general and preliminary statements at the previous meeting was to draw attention to the following basic points, namely; that the activities of the oil industry should continue regularly as before and the present installations and experts to be fully utilised. Secondly, justice and fairness should prevail in the oil settlement and thirdly, he emphasised, a regular flow of the Iranian oil is of great importance and is essential for the economy of Iran and the free world.

The Iranian Government and the two Houses of Parliament have paid special attention to all these points and have envisaged them in the relevant laws.

The Iranian Government does not wish the oil operations to be stopped even for one day or to be interfered with in any way. The Government is greatly interested that all the technical experts and workers who have become experienced in the oil industry and have managed it in the past shall remain in the service of the Iranian National Oil Company, and is prepared to treat them in all respects under the same terms and conditions which they have had with the former A.I.O.C. Besides this, the Government takes into favourable consideration their pensions and other privileges. Then why should those who have served a private

commercial concern not be ready to continue their services under the same terms and privileges for a Government, and in a type of service which is beneficial to all humanity.

Now coming to the second point raised by the Honourable Head of the British Delegation I must state that for a fair and equitable settlement of the claims of the former company, and in order to compensate it for its losses, the law has provided that 25% of the net profits of the National Oil Company be set aside and earmarked for the payment of such compensation.

The Iranian Government is now prepared to enter into negotiations in this respect and to have examined by experts the just claims of the former A. I. O. C. and the counter claims of the Government.

Thirdly, we are greatly interested that our trade and commercial transactions to be carried out with the former customers of the company even on a larger scale than before, and this has been fully envisaged in the Law. To achieve this end we are prepared to enter into discussion and make the necessary arrangements to increase the volume of our oil exports and win the confidence of our customers.

In conclusion I should like to add that I am of the same opinion as Mr. Stokes regarding the past grievances as there is no point in raising them again; but all the same they cannot be

neglected altogether when one is choosing a way for settlement.

With reciprocal confidence and good-will and resting assured that we both wish to come to a conclusion which may serve as a basis for more sincere and durable relations between our two nations, which would be of great service in the promulgation of right and justice in the world at large, I propose that negotiations should be immediately started in a spirit which would lead to a positive result.

After several sessions, the British Delegation submitted their eight point proposals to the Iranian Delegation in the following form:

Outline of suggestions submitted by the British Delegation without Prejudice to any party concerned.

1. A.I.O.C. will transfer to N.I.O.C. the whole of its installations, machinery, plant and stores in Iran. As regards the assets in southern Iran compensation by N.I.O.C. to A.I.O.C. would be included in the operating costs of the oil industry in the area. Compensation for the assets used in the past distribution and marketing in Iran will be dealt with under the separate arrangements suggested in paragraph 7 below.

2. A Purchasing Organisation will be formed in order to provide the assured outlet for Iranian oil which is the only basis upon which an oil industry of the magnitude of that of Iran could hope to maintain itself. This will be done by means

of a long term contract, say 25 years, with N.I.O.C. for the purchase f.o.b. of very large quantities of crude oil and products from southern Iran.

3. Apart from this arrangement N.I.C.O. would be able to make additional sales of oil subject to the normal commercial provision that such sales should be effected in such a way as not to prejudice the interests of the Purchasing Organisation.

4. The Purchasing Organisation under the agreement will be placing at the disposal of the N.I.O.C. a world wide transportation and marketing service, including one of the largest tanker fleets in the world, and will be entering into firm commitments with its customers for the fulfilment of which it will be relying on Iranian oil. It will, therefore, as a matter of normal commercial practice, have to assure itself that oil in the necessary quantities and qualities will come forward at the times required. In order to secure this objective the Purchasing Organisation will agree with N.I.O.C., an Organisation which, under the authority of N.I.O.C. will manage on behalf of N.I.O.C. the operations of searching for, producing, transporting, refining and loading oil within the area. The Purchasing Organisation will arrange from current proceeds the finance necessary to cover operating expenses.

5. In order that the proposed Purchasing

Organisation can be induced to commit itself to the purchase of large quantities of Iranian oil over a long period of years, the commercial terms must be not less advantageous than the Purchasing Organisation would secure elsewhere either by purchase or development. In effect this means that the Purchasing Organisation would buy the oil from N.I.O.C. at commercial prices f.o.b. Iran less a price discount equal in the aggregate to the profit remaining to N.I.O.C. after allowing for the discount and for the costs of making the oil available to the Purchasing Organisation.

6. In the event of the foregoing suggestions being accepted by the Iranian Government as a basis for the future operation of the oil industry in southern Iran, it is suggested that they should be expanded into the heads of an agreement which could later be developed into a detailed purchasing arrangement between the Iranian Government and the proposed Purchasing Organisation. The heads of agreement would also provide for the immediate resumption of operations in southern Iran on an interim basis.

7. It is suggested that all the assets owned by the Kermanshah Petroleum Company Limited which produces and refines oil for consumption in Iran together with the installations, machinery, plant and moveable assets of A.I.O.C. which have been used in the past for distribution and marketing of refined products within Iran should be transferred to the Iranian Government on favourable terms.

8. There will be Iranian representation on the board of directors (or its equivalent) of the Operating Organisation, which will of course only employ non-Iranian staff to the extent that it finds it necessary to do so for the efficiency of its operations. It will also offer its full co-operation to N.I.O.C. in any programme of training on which the latter may wish to embark.

Sahebqaranieh
13th August, 1951

These proposals, being considered contrary to the principles of Nationalisation of the Oil Industry and in contrast with the formula submitted to Mr. Harriman, which the British Government had already approved of, could not be naturally accepted by the Iranian Government. The reply of the Iranian Government, therefore, was prepared in the form of the following proces-verbal after the necessary discussions in the Council of Ministers and consultation with the Mixed Parliamentary Board :

At 9-30 A.M. on Tuesday, Mordad 22, 1330, a joint session of the Council of Ministers and the Mixed Parliamentary Board was held at the residence of the Premier. The "eight-point proposals" submitted by the British Delegation were at first read out, and Mr. Hassibi informed the Ministers and the members of the Mixed Parliamentary Board of the additional verbal explanations given by the British Delegation. After lengthy discussions which took place regarding

the reply to be given by the Iranian Government to the head of the British Delegation and the manner in which it should be handed; it was decided that the Prime Minister himself should verbally inform the head of the British Delegation that the proposals submitted by him to the Iranian Delegation were not in conformity with the four-point formula previously handed to the British authorities concerned by Mr. Harriman. Therefore if Mr. Stokes desires that his proposals be favourably considered by the Iranian Delegation and negotiations to be continued, he better adjust his proposals with the principles already agreed upon; so that the continuation of negotiations may be made possible in the next session of the conference.

Meanwhile Dr. Matin-Daftari, Mr. Saleh, Dr. Shayegan, Mr. Kazimi, Dr. Sanjabi and Dr. Moazami were appointed to prepare the draft of the reply to the British Delegation on the same lines as the Premier's verbal reply to Mr. Stokes, and put it forward for the sanction of the Council of Ministers and the Mixed Parliamentary Board, while stressing the points upon which the Iranian Delegation could legally enter into negotiations with the British Delegation.

In the same session a resume of the reply which had been prepared by the above mentioned committee was put forward in the Council of Ministers and the Mixed Parliamentary Board and it was agreed that I should discuss with Mr. Stokes on the following lines :

The main headings of the proposals submitted by the British Delegation to the Iranian Delegation on Mordad 21, 1330, are not in conformity with the formula submitted by Mr. Harriman to the British Government which is the agreed basis of the negotiations. The questions therefore, which according to the said formula could become the basis of our discussions are limited to the 3 following topics:

1. The purchase of oil to meet the British needs.

2 The question of examining the just claims of the Iranian Government and the counter claims of the former Anglo-Iranian Oil Company.

3. The question of the continuation of the service of the British technical staff.

It is obvious that any views expressed with regard to the three above mentioned questions should receive due consideration according to the formula of Tir 23, 1330.

As the "eight-point proposals" of the British Delegation were submitted in writing to the Iranian Delegation, the Council of Ministers and the Mixed Parliamentary Board, therefore, deemed it necessary that the reply to the above proposals should similarly be handed over to the British Delegation in writing. This reply which had been prepared by a special committee was

sanctioned by the Council of Ministers and the Mixed Parliamentary Board and was submitted to the British Delegation on the session of Mordad 26, 1330 (August 12, 1951). The text of the reply reads as follows :

Reply of the Iranian Delegation to the Proposals of the British Delegation (without prejudice to the rights of the two parties).

The Iranian Delegation does not consider that the proposals for the future operation of the oil industry in the South which the British Delegation acting on behalf of the former oil company submitted to the Iranian Delegation, conform to the definition of the nationalisation of the oil industry stipulated in the Iranian law and which formed part of the formula put forward by Mr. Harriman and accepted by His Majesty's Government and the former oil company.

According to this formula the nationalisation of the oil industry is defined as meaning that all exploration, extraction and exploitation operations are in the hands of the Iranian Government ; but the principles proposed by the British Delegation would not only take out of the hands of the Iranian Government a substantial part of the powers of management of the oil industry, but would also revive the former Anglo-Iranian Oil Company in a new form.

Leaving out certain minor points, the main headings proposed by the British Delegation and the arguments which are now put forward on the

various subjects are as follows:

1. *Purchasing Organisation.*

In these proposals, the establishment of a Purchasing Organisation for the export of Iran's oil is envisaged. This organisation would enter into a long term contract, say for 25 years, with the Iranian National Oil Company. This organisation would buy Iranian oil in very large quantities in such a way as to approximate to a monopoly.

Although provision is made in Article 3 of the British Delegation's memorandum for the Iranian National Oil Company to be able to engage in additional transactions for the sale of oil, nevertheless the condition is imposed that these transactions must be carried out in such a way that they shall not prejudice the interests of the Purchasing Organisation.

The Iranian Government is ready to sell to Britain, on a basis of ordinary commercial contracts, oil products in quantities which have been supplied in recent years for British consumption. The Iranian Government cannot, however, accept a situation approximating to a monopoly for the sale of oil.

2. *Price of oil and division of profits.*

In the British Delegation's memorandum it is suggested that the Purchasing Organisation shall buy the oil from the Iranian National Oil Company at commercial Iranian ports (F. O. B.)

at prices subject to a discount in such a way that the Iranian National Oil Company will receive, after payment of production expenses and amortisation of compensation, a residuary profit equivalent to the profit accruing to the Purchasing Organisation in consequence of this discount; in other words that the profits of the Iranian National Oil Company shall be divided fifty-fifty with the Purchasing Organisation.

The basis of a price discount and a division of profits is unacceptable to the Iranian Government. In addition it does not accord with normal commercial practice, because the Purchasing Organisation, which buys the oil at Iranian ports (F. O. B.) prices and takes into account its transport, insurance and distribution costs, and its profits in the prices at which it sells in the consuming markets, has no further justification for requesting a discount on the F.O.B. price in such a way that half the profits of the production of the oil should accrue to the suggested Purchasing Organisation.

3. The Operating Organisation.

The third important point of the British Delegation's memorandum is that the Purchasing Organisation will, in collaboration with the N.I.O.C., come to an agreement about the creation of an Operating Organisation. This Organisation will, on behalf and under the authority of the N.I.O.C., administer the operations of exploration, production, transportation, refining

and shipment of oil in the area. The Iranian Government will be represented in this organisation.

The Iranian Government is convinced that such an organisation is clearly contrary to the principle of nationalisation of the oil industry, constitutes a limitation of the sovereign rights of Iran and revives the former A.I.O.C. under a new guise. In addition, a similar proposal with minor differences, and even in a more favourable form, was submitted by the delegation former A.I.O.C. This proposal was rejected by the Iranian Government and this fact was set forth in the 4th section of the formula presented to Mr. Harriman and submitted to the British Government.

The Iranian Government is conscious of its need for the presence of experienced foreign specialists for the effective administration of the oil. It also realises that it is necessary that these experts responsible for the oil operations which they will conduct for the Government and the N.I.O.C., should have authority and sufficient freedom of action in respect of executive and technical matters. The Iranian Government will also give the experts the necessary powers according to the laws and internal ordinances of Iran and in accordance with the individual agreements which have been entered into with them. The Iranian Government is not, however, prepared to hand over the control of the oil operations

to a foreign organisation or to restrict the sovereignty of Iran.

4. Transfer of the Company's properties and method ot payment of compensation.

In paragraph 1 of the British delegations's proposals it is provided that the former A.I.O.C. will transfer all its installations, machinery, apparatus and equipment in Iıan to the N.I.O.C. and, in the case of the assets situated in South Iran, the compensation to be paid to the former A.I.O.C. by the N. I. O. C. will be counted as part of the expenses of running the oil industry in that area.

In the case of the assets of the Kermanshah Oil (sic.) and similarly all the installations, machinery, apparatus and movable property of the former A. I. O. C. which in the past was used for the marketing of refined products in Iran, it is provided in paragraph 7 that these properties will be transferred to the Iranian Government on favourable terms.

As regards compensation, as has been explained repeatedly and is now stated again, the assets of the former Company have been vested in the Iranian Government by virtue of the law for the nationalisation of the oil industry. The Government is ready to investigate fully and fairly the just claims of the former A.I.O.C. taking into consideration the claims which the Iranian Government has against the Company and in

respect of its assets in Iran and outside Iran, and to settle these claims after the rights of both parties have been established.

By the explanations which have been given it is proved that the proposal of the British Delegation is not consistent with the text of the formula submitted by the Iranian Government and if the esteemed British Delegation will consider the objections and criticisms of the Iranian Delegation, this Delegation, as it has repeatedly said and proved in practice, will welcome most warmly the continuation of negotiations.

On Thursday, Mordad 24, (August 16, 1951) Mr. Harriman and I had a Conference. In his opinion, in order to economise time, he thought it would be best to have free discussions between the two delegations with his participation. Two informal sessions were, therefore, held and Mr. Harriman and his advisers attended the said meetings, but no positive result was obtained. After that His Excellency Mr. Bushehri, Minister of Roads and Communications, who was at the head of the Hospitality Committee for Mr. Harriman and the British Delegation, intervened with the suggestion that an informal meeting should take place between their Excellencies Mr. Harriman and Stokes and myself, so that per chance an agreement may be reached on the main principles of the oil question.



President Truman welcomes the Shahinshah at the White House during his visit to the United States in November, 1949.

The first session was held at 10 a.m. on Monday, Mordad 28, 1330 (August, 20, 1951). Mr. Bushehri also attended the meeting and here is a resumé of record of the remarks made by the three of us.

I opened up the discussion by saying, that you two prominent statesmen, who represent two of the leading countries of the free world and have come to our country for the settlement of the oil question should not impose your views upon us in the manner of Dictators. (In reply they said we have no such intention). Then I added the reply which has been given to your proposals has been based on my personal views, but has been jointly sanctioned by the Council of Ministers and the Mixed Parliamentary Board. Therefore the reply which has been submitted to you has been the outcome of the deliberations of the above-mentioned bodies. Now if you prefer not to continue the discussions I think it would be preferable to bring the matter for the consideration of Majles, because we have not arrived at an agreement. If the Parliament agrees with my views my Government shall stay, and we shall continue the same procedure; but in case the Parliament gives the vote of non-confidence in my government naturally it shall fall and a new government shall succeed it to carry on the negotiations in the manner acceptable to both houses. In case you prefer to carry on the negotiations we are ready also to follow the same. In reply the two gentlemen indicated their willingness for the continuation of

discussions. Afterwards I dwelt on the discussion of the three following topics: Oil sales, the foreign technical staff, and the payment of compensation.

With reference to the first topic, that is the sale of oil, I put forth this question: Are you in need of our oil output or not? They said that they will not buy oil from us, but from a company. I retorted that we don't want to have anything to do with a Purchasing Organization. If you desire to purchase our oil you can empower a company to come and negotiate with us on your behalf. After lengthy discussions Mr. Stokes showed a willingness to return to his old plan; but as I considered that his action would cause more complications I suggested to him that since notes have been exchanged by both delegations purporting their views, it would be more helpful if you would listen to what we have to say; perchance a satisfactory solution may be discovered. Upon hearing what I said finally Mr. Stokes said, that 'we are in need of your oil'. I asked him in what quantity? In reply he said suppose ten million tons. I told him smilingly I would give you more so that you would be satisfied. Then we spoke about the price which had to be paid for our oil; Mr. Stokes consented to have the prevailing price of the Persian Gulf as a basis.

The next question which was brought up was about the duration or the time-limit of a sale's contract. To this, I said, provided our transactions are based on the International rates of oil

we would be ready to conclude a sale's contract for a definite period of time. Next the question of transport was discussed. They said it must be managed by a Company. In reply I expressed my opinion in this way that we do not wish to do business with a Company, but you are at liberty to form any Company you desire. We want to be looked upon as salesmen only who sell their goods just like any shopkeeper at the f.o.b. price in the Persian Gulf. The purchaser has to provide for the transport and all the other facilities; and if you are not in a position to do that no transaction can take place between us. In this way this topic was dealt with, but I added that as long as a basis of agreement has not been found my statements relative to the sale of oil are not to be considered as binding for any of the two parties. The second topic which was discussed concerned itself with the manner of the employment of the foreign technical staff. Mr. Stokes believed that an independent agency should be created to control the affairs of the foreign technical staff and to report its activities to the National Oil Company of Iran. In reply I said that of necessity the National Oil Company of Iran will have various departments which would be independent and managed by an independent director each, who would have full authority over his branch; such as exploration, extraction, refinery, personnel and accounting Departments etc. We are ready to give the same authority to those managers and treat them in the same way as the

former Anglo-Iranian Oil Company has been doing in the past. Further I pointed out that the former Anglo-Iranian Oil Company with its experience of forty years has undoubtedly founded its organisations on a basis which would further its own interests. The Iranian Government who is now taking the place of the said Company does not have in mind to make any alterations in the said plan of organisation as long as they have not been proved harmful; and hence will keep the same intact. It is obvious that the whole organisation will be under the control of the Executive Board of the Iranian Oil Company; and the various Department heads shall submit their reports to the said Board and carry out its orders; with what I have said it seems quite out of place to have the intervention of an intermediary agency between the organisation and the executive board. In case such an agency is created nothing will come out of it but suspicion of the general public; and the people may think that the former Company is going to revive its old activities through its intervention in purchasing Organisations and the technical agency for another 25 years under a different guise. Besides you are proposing to receive 50 per cent of the profits which would mean, in other words, the establishment of the same concessionary rights which you enjoy in Mesopotamia. Our proposal is this; to have a number of 1st class foreign technicians from neutral countries such as Sweden, Switzerland; Belgium and the Netherlands on the

Executive Board of the National Oil Company of Iran; and in order to assure you of the efficient technical management of the Industry we are ready to give such foreign technicians a majority on the executive board. At this point Mr. Stokes said I agree with you; and this intervention of foreign technicians will be to the benefit of Iran.

3. *Payment of Compensation for the Losses.*

Mr. Stokes said that we should firstly pay compensation for the losses incurred as a result of our unilateral cancellation of the contract which should have expired in 40 years' time; and secondly pay compensation for the installations which we shall use later.

I replied, when you have formally recognized the principle of nationalization, the question of the remaining period of the contract shall no longer be relevant. As to the amount of compensation for the Company's assets in Iran, Mr. Harriman and Mr. Stokes said, it is so great that the Iranian Government will not be able to meet it. I replied, no matter how great the amount of compensation is, we shall be prepared to pay on the basis of the market price of the Company's shares, for all the losses incurred as a result of the nationalisation of the Oil Industry. If you do not agree to this method, I added, we shall be prepared to follow, as a precedent, the same method which other countries have chosen for the compensation of the losses of their nationalised industries. If you do not agree to

either of these methods, I continued, you cannot reject arbitration regarding the settlement of the dispute.

Mr. Stokes asked my views on the method of payment for compensation. I said that they could, if they wanted, deduct 50 per cent of the price of the oil bought for the amortisation of the losses; or alternatively, according to the law, 25 per cent of the net profits of the Company could be earmarked for the compensation of these losses.

Mr. Stokes said that he would discuss these points with his colleagues and fix a time for the next session to continue the discussion. About 21-00 noon our meeting was adjourned. Besides ourselves there were an interpreter and a secretary on their side. Mr. Bushehri from our side was also present in the meeting, but as our meeting was informal, I asked them not to take down any notes.

In my second meeting with Mr. Stokes held on Mordad 29, (August 21) which lasted for two hours Mr. Bushehri was also present. We had again a lengthy discussion, and to save time, I would not go into details, but will give you a brief account of what we said in this meeting. Our discussions were confined to the following four basic points :

1. Mr. Stokes enquired about the possibility of the membership of a number of British experts

in the Board of Directors of the National Oil Company of Iran.

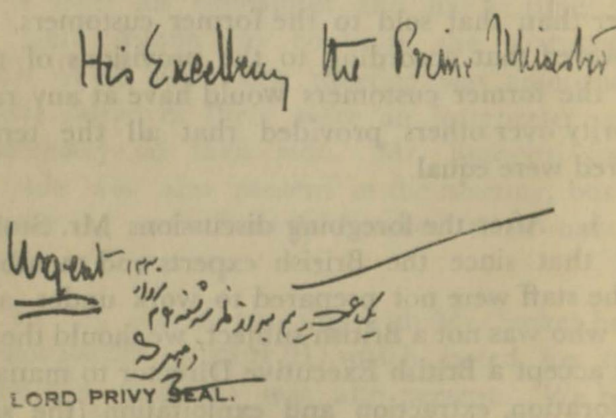
To this I could not agree.

2. Then Mr. Stokes asked whether we could supply them with the quantity of oil purchased by the customers of the past three years against their receipts? I answered that this was not against the law and upon the request of the former customers we could supply their oil to a transport organisation.

3. Mr. Stokes requested that the surplus oil produced might not to be offered for sale at a price lower than that sold to the former customers. I answered that according to the provisions of the law the former customers would have at any rate priority over others provided that all the terms offered were equal.

4. After the foregoing discussions Mr. Stokes said that since the British experts and members of the staff were not prepared to work under any one who was not a British subject, we should therefore accept a British Executive Director to manage exploration, extraction and exploitation (the sale of oil being excluded) under the Board of Directors. I proposed that we better settle all the existing disputes first and then deal with the question of a British Director later. If there be any question that we could solve, I said, then I would bring it to the notice of the two Houses of Parliament and act according to their decision.

Mr. Stokes did not agree to my suggestion saying that until the question of appointing a British Director was solved, he could not enter into discussions on any other problem. And thus at 12 noon our discussions were ended. At 1-30 p. m. I received the following letter:


His Excellency the Prime Minister

Urgent 1330

LORD PRIVY SEAL.

Horse Guards Avenue,
Whitehall, S.W.1

21.8.51.

Dear Prime Minister

This is to confirm that my eight point proposal put forward as a basis of negotiation is withdrawn. Should you decide to accept before midday to-morrow the principle I outlined which would make it possible for the British Staff to remain in the Refinery & oilfields, an aim

which you yourself have said is necessary, I shall be prepared to resume discussions.

Yrs sincerely

R R Stokes

The said letter was read in the meeting of the Mixed Parliamentary Board which was held at my house on the same afternoon at 5 o'clock and the reply which was prepared was submitted to His Excellency Mr. Bushehri at 7.30 p.m. to be handed to Mr. Stokes. The letter reads as follows :

My Dear Lord Privy Seal,

In reply to Your Excellency's private correspondence of Mordad 29, 1330 (August 21, 1951) I beg to state:

As it has been repeatedly said and Your Excellency is well aware of, the Iranian Government are greatly desirous to find a solution for our mutual problem so that our negotiations may

be carried on. Since my Government is considering to formulate its views for a satisfactory solution which would be forwarded to you later, I request you to inform me about the details of that principle to which you have referred in your correspondence and which in your opinion will make feasible the continuation of the services of the British Technical Staff in the oil fields and the refinery; so that my government will be enabled after due consultation to declare its final views on a satisfactory basis for negotiations.

On the same day at 9-30 p.m. another letter was received from His Excellency Mr. Harriman which had been meant for publication. The text of the said letter is given herewith for the consideration of the honourable members :

Tehran. August 21. 1951

Dear Dr. Mosadeq,

I am enclosing herewith a letter addressed to you reviewing briefly the positions I have taken during the negotiations. As I have declined to make any substantive statements to the press during the five weeks I have been here, I feel compelled to release this letter for publication in order that my views may be known at this critical juncture in the negotiations.

Very sincerely yours,

W. Averell Harriman

Tehran, Iran
August 21, 1951.

Text of Mr. Harriman's letter which was released to the Press :

Dear Mr. Prime Minister,

In view of the fact that discussions between the Iranian Government and the British delegation threaten to come to an impasse, a development which would be most unfortunate, I feel that I should review for your Excellency certain views and observations.

As Your Excellency knows, President Truman asked me to come to Iran to be as helpful as I

could in finding a solution to the Oil problem. He did this because the Government and people of the United States are sincere friends of the peoples of Iran and Great Britain. They are anxious that the matter be settled in an amicable manner, and in a way which will permit the Iranian people to realise their national aspirations. They also are aware of the British interests involved and the importance, not only to the economies of Iran and Great Britain but to the economy of the free world, of the continued flow of Iranian oil.

I have been in Iran over five weeks. Through my discussions with the Iranian Government it was possible to work out an arrangement under which the British Delegation, headed by the Lord Privy Seal, came from London to undertake negotiations of the manner in which the Nationalisation Law will be carried out in so far as it affects British interests. These negotiations were arranged under a formula handed to me by the Iranian Government and which was found to be acceptable by both parties.

In the negotiations which have taken place between the Iranian Government and the British Delegation, it has not been possible thus far to arrive at an agreement. This is most regrettable, particularly since the mutuality of interests between the parties to the controversy are such that a solution which would be to the benefit of both is, I am convinced, entirely

possible and feasible, and would not only be in the interest of the parties directly concerned but would contribute greatly to the solidarity of the free world. It is the earnest hope of the Government and people of the United States that efforts to find a settlement will continue and that the serious consequences of failure will be averted.

In seeking a solution to this complex problem I have endeavoured to point out to the British the objectives of the Iranian Government as I understand them to be. At the same time I emphasised to the Iranian Government before the British Mission's arrival certain essential facts of international oil commerce which should be taken into account in developing arrangements for the continued operation of the Iranian oil industry, and for the attainment of the maximum possible income.

I pointed out that in order to be assured of continuous sales of substantial quantities of its oil in the world markets, Iran must make arrangements with an organization that can make available large transportation and distribution facilities for marketing it on a worldwide basis. As a practical commercial matter, no company would make such arrangements unless it could obtain Iranian oil on a basis as favourable as that on which it could buy or develop oil in other producing countries. I pointed out the further commercial fact that only those who have developed

markets for Iranian oil are in a position to commit themselves for its purchase in the large quantities produced.

The Iranian Government, as it has itself recognized in our discussions, depends upon foreign assistance for the operation of its industry within Iran. Continuous successful operation of the industry, moreover, requires access to the ever advancing oil technology of the world. I pointed out that this technical assistance of the scope required cannot be obtained for Iran through the employment of individual technicians. There must be experienced and responsible management. Without such management the industry cannot operate effectively and foreign technicians, who are free men, would not agree to remain.

I have tried earnestly and with all frankness to give impartial advice which would lead to an equitable solution of the difficulties. This will be possible only if recognition is given to the practical and commercial aspects of the problem, which Mr. Levy and I have endeavoured to explain.

The British delegation handed to the Iranian Government for discussion an outline of proposals for settlement. Under the proposals, however, it was contemplated that negotiations take place through which fair and practical detailed arrangements could be worked out in accordance with the formula submitted through me. I have been

informed by the British Delegation that since the Iranian Government read into these proposals concepts that were not intended, the proposals have been withdrawn.

The Iranian Government has stated in our conversation that it does not intend to confiscate the oil properties. In the view of my Government the seizure by any Government of foreign-owned property without paying prompt, adequate and effective compensation, or working out arrangement mutually satisfactory to the foreign owner and the Government, is confiscation rather than nationalisation. Satisfactory arrangements are thus essential, and I believe that these arrangements would achieve Iranian national aspirations, including Iranian control of the oil industry within Iran, and would provide an income of a magnitude that would make it possible promptly to carry out extensive development of the economic potential of the country. During my visit I have been much impressed with the great possibilities of developing and expanding the Iranian economy to improve the health, welfare and prosperity of the Iranian people. This could be accomplished through improved irrigation and water systems, agricultural methods and facilities, communications, sanitation and other means, if the basic problem—namely that of oil—is solved so that maximum revenues from the oil industry are assured. The Government and people of the United States are anxious to assist Iran to these ends.

I deeply regret that efforts thus far to find a solution have achieved no concrete results, and I hope that the Iranian Government will give earnest consideration to these views which I have expressed in frank terms and in a friendly spirit.

I avail myself of this opportunity to express to Your Excellency the assurances of my highest consideration.

. . . . . .

I have attempted to give a complete summary of the negotiations carried on with the British Delegation up to the present date, and I think the honourable members have formed a clear notion of what has happened up to the present moment. The Iranian Government, now, awaits the reply of the British Delegation to the last letter submitted to Mr. Stokes, hoping that with the receipt of that reply the Iranian Delegation will be able to formulate a proposal which would become the basis of our new negotiations with the British Delegation.

In conclusion I deem it necessary to bring to the notice of the honourable members the following observations :

In our country there are two small minorities with divergent views who have formed a solid front to postpone the execution of the oil nationalisation law :

1. The first is composed of a group of people who are opposing very seriously

the settlement of the oil controversy, fearing that through its solution the Iranian Nation may, by securing its political and economic independence, arrive at the fulfilment of its desire; namely, of social justice, which in case of success will mean a loss of platform for their propaganda.

2. The second group, though smaller in number, is composed of persons whose living and prestige have depended to a large extent upon the support of the former Anglo-Iranian Oil Company, and who had material gains from the said Company. This small minority is ready to go to any limits to prevent the collapse of the former Company, which if accomplished, would mean their own collapse as well.

Facing these two small minorities stands the great public opinion of the Iranian nation. I must openly confess that anything which has been accomplished so far, in the way of the ratification of the Oil Nationalisation Act by both Houses of Parliament and the enforcement of the same are all due to this great national movement.

To conclude my remarks, and in order to clarify the situation, I must dwell once more upon some essential points to which I have referred previously:

Firstly the question of our need for foreign technicians. It goes without saying that if we had a sufficient number of Iranian technicians who would be able to manage the various branches of our great industry, we would not have experienced any difficulty at all in this respect; but since we lack such a staff ourselves, we must of necessity, employ foreign technicians who should be given the required authority in so far as the nature of this industry demands. The Iranian Government is, therefore, ready to employ such technicians according to its internal rules and regulations on the basis of individual contracts; but is in no way prepared to delegate its authority to a foreign organisation which is contrary to the spirit of the Oil Nationalisation Law.

Secondly, the question of the sale of oil occupies a prominent place in the whole problem. The Government, as the Law has provided, is ready to sell its oil at the prevailing international rates in quantities which would be based on the average purchases of each of the consuming countries during the last three years; and with respect to the surplus output the former customers shall have priority over others provided the conditions are all equal. In order to accomplish this purpose the Government is ready to conclude equitable agreements, the terms and the time periods of each shall be determined through the mutual agreement of the two contracting parties. But I must emphasise this

important point, irrespective of the fact that my Government or some other cabinet takes over the responsibilities of the Government; namely, the question of compensation payments to the Company and the counter-claims of the Iranian Government. I do earnestly believe that as long as no settlement is arrived at in this regard, the exportation of oil should be banned; because the acceptance of any interim solutions may create greater difficulties for our country, and the magnitude of the claims and the relevant terms may reach such a point that the Iranian nation may never be able to relieve itself from that heavy burden.

Thirdly we come to another main point of difference between the two delegations; namely the question of the Operating Organisation. The British Delegation held that there should be an Operating Organisation which would act as an intermediary between the National Oil Company of Iran and the Purchasing Organisation. In their view the said organisation should have charge of the complete management of the Company. But the situation changed, however, with the withdrawal of the '8-Point Proposal' by the British Delegation. What they want now is to have an acting General Manager instead of the above-mentioned Organisation. I think it would be appropriate to quote a passage from the letter I have written to them on the same subject:

"Since my Government is considering to



The FIRDAUSI Memorial in Tehran

formulate its views for a satisfactory solution to be forwarded to you later, I request you to inform me about the details of the principle to which you have referred in your correspondence and which in your opinion will make feasible the continuation of the services of the British technical staff in the oil fields and the refinery so that my Government may, after due consultation be able to declare its final views for a satisfactory basis for negotiations."

It is obvious that a General Manager of the type they want should be given complete authority to manage the whole oil industry with the exception of the Sales Department. Furthermore, after the withdrawal of the 8-Point Proposal, they requested that the said General Manager should be a Britisher and not from any other nationality who would work under the Executive Board of the National Oil Company of Iran. But my views, as expressed in the course of our discussions and prior to the withdrawal of the 8-Point Proposal, were that we should follow the same plan of organisation which had existed before and drawn by the former Anglo-Iranian Oil Company. The said organisation must have consisted of various departments with responsible heads who would have enjoyed a limited amount of autonomy. I believed that the same model should be followed and the various departmental managers should be made responsible to the Executive Board of the National Oil Company of Iran. To think of creating an Operating Agency

endowed with unlimited powers, the purpose of which is unknown to us, would be completely unnecessary. This is the main point of difference between the Iranian Government and the British Delegation. A letter concerning this very topic has just been received by me which will be read to you presently:

22ND AUGUST, 1951.

My Dear Prime Minister,

At our two-hour meeting yesterday, I explained as clearly as I could the functions and responsibilities which would have to be carried out by an Operating Organisation or a General Manager in relation to the National Iranian Oil Company.

You had yourself assured me that the British staff should by statute continue to carry out all the functions and responsibilities which they have hitherto been carrying on. It was all the greater surprise to me, therefore, when yesterday you were insistent upon a division of responsibility which would make the efficient administration of the refinery and oilfields quite impossible.

I cannot emphasise too strongly that the fundamental condition in this respect is that the British staff themselves should be fully satisfied that they are working for a management which is proved and efficient. They are free men and if they are not so satisfied, no agreement between our two Governments will keep them in Iran.

I cannot believe that it is your intention to make it impossible for us to work out a business-

like arrangement which will enable the British staff to continue to serve in Iran and to contribute to the prosperity of the country.

I shall hope to hear from you before noon to-day.

With kind personal regards
Your sincerely,
R. Stokes.

• • • • • •

The Government shall attempt to clarify this ambiguous point, provided the negotiations between the two Delegations are continued, and any steps taken by us will, obviously, be to the benefit of the country at large. Now I request the honourable members to extend their vote of confidence to my Government in case they believe our activities have been to the best interests of the nation, so that with the greater assurance obtained, my Government may be enabled to carry on its work and fulfil its duties with respect to this important problem.

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Text of the letter written by His Excellency the Lord Privy Seal to His Excellency the Prime Minister and the reply given by the latter.

Sahebqaranieh Palace,
17th August, 1951.

Dear Prime Minister,

You will recall that during our meeting on the 14th August I expressed my bitter disappoint-

ment that, despite the recognition by your Government of the necessity for creating the best possible atmosphere for the negotiations, conditions at Abadan and in the oilfields area had deteriorated. You invited me to submit for your attention examples of what I had in mind. I informed you that I had already given to Mr. Bushehri a list of recent complaints from the British staff with a view to his bringing these to your attention. I promised to let you have a further note on the subject.

As regards British staff at Abadan, they are being interfered with by the military, police and civilians in a manner quite inconsistent with the fact that negotiations are now proceeding in Tehran. Examples of this interference are as follows: (1) Private cars are being searched. (2) Official and private papers are being examined by the military authorities. (3) Persian employees are encouraged to spy and inform on the British staff. (4) There is grave lack of security, as instanced by the large number of robberies in private houses, despite the presence of abnormally large security forces. (5) The publication of an English language newspaper has been forbidden. (6) Customs officials are being deliberately unco-operative in their dealings with British personnel.

This interference with the normal life and working of the British staff is not confined to Abadan. I submit to Your Excellency for urgent consideration a copy of a letter dated 16th August which I have received from the Consultative

Committee representing the British staff in the oilfields area. I would particularly draw your attention to the last two paragraphs. This letter is more eloquent than any words of mine could be in describing the intolerable tension and strain under which the British staff are working and the reasons why, unless immediate steps are taken to restore proper conditions, the British employees will leave Iran and return to the United Kingdom.

I most earnestly impress upon Your Excellency that, unless immediate steps are taken to improve conditions in the South, it will be impossible for me to continue here as a guest of the Persian Government.

With kindest personal regards,
Yours sincerely,
Stokes.

His Excellency,
Dr. Muhammad Mossadiq.

COPY Enclosure

16th August, 1951.

Sir,

Further to Abadan Joint Consultative Committee's meeting with you in Abadan at which Field staff were represented by Mr. A. C. Blacklaw, we the British staff in fields areas fully endorse all points raised.

2. We wish to bring to your attention the fact that although you are a guest of the Iranian Government whilst the negotiations proceed, there has

been no easing of interference with the British staff in Khuzistan by Persian officials; furthermore Persian Politicians whom you expected to return to Tehran are still in Khuzistan, where tension between Persians and British has unfortunately not lessened.

3. You expressed your view that within a period of ten to fourteen days you would reach an agreement one way or another with the Persian Government and we respectfully wish to inform you that we cannot hang on indefinitely after such period for the following reasons:

(I) Operations are shut down and we find it most demoralising to carry on from day-to-day with no prospect of productive work in sight. We must consider finding employment elsewhere than in Iran.

(II) Having packed up and shipped our personal and household effects, life in bare houses is most depressing during this hot weather.

(III) Our families are in many cases most uncomfortable and unsettled in the U.K., and we must decide to make arrangements for winter housing and schooling for our children if they are not to return to Iran.

(IV) It seems to us that the longer we stay here under present conditions the worse will become the present bad feeling and tension between British and Persians, and if operations recommence, British staff will have a most difficult

task in running the plant safely and efficiently now that the authority and respect of Company and British staff have been so maliciously undermined by Tehran politicians over a period of twelve months or more.

(V) Mutual respect and goodwill, which had been built up between British and Persian staff and labour in fields, has unfortunately been seriously if not irreparably impaired by the activities of a few politicians who have no experience of the industry and many of whom have no first-hand knowledge of Khuzistan.

Signed on behalf of British staff Consultative Committee Fields Areas.

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The Prime Minister's Reply to the Letter of the Lord Privy Seal.

Dear Lord Privy Seal,

Your Excellency's letter dated August 17, 1951, with its enclosure (the letter addressed to your Excellency by the British staff at Abadan) was duly received, and in order to relieve your anxiety I beg to state the following :

1. The Imperial Iranian Government is in complete accord with your views that a favourable atmosphere is essential for the fruitful continuation of the negotiations, and accordingly has issued the necessary instructions to the relevant authorities.

2. I am confident that Your Excellency have taken into consideration the necessity of declaring an emergency situation in the oil regions and the observance of its particular rules and regulations which are meant for the maintenance of public security and welfare in that region, and have undoubtedly issued the necessary instructions to the British staff as to their observance.

3. With reference to the lack of security and the rigidness of the Customs officials in their dealings with the British subjects, I await the explanations of the officials concerned which I have urgently demanded.

4. Your Excellency is a welcome guest of the Imperial Iranian Government and I am greatly interested to see that your sojourn in Iran is made as pleasant as possible. And I will do all I can to make Your Excellency's mission a success.

With kindest personal regards,

Yours sincerely,
Dr. M. Mossadegh.

. . . . . .

The following plan which was submitted on Wednesday, Mordad 30, 1330 (August 22, 1951) by the Prime Minister to His Excellency Mr. Stokes is to be regarded as a basis for the future negotiations of the British and the Iranian Delegations. It comprises the views of the



Dr. Mossadegh and Mr. M. A. H. Ispaha
Ambassador of Pakistan in intent conv
sation at the Washington National Airp
on November 18, 1951 : a few minutes bef
the Iranian Premier left Washington for Tehr

Imperial Iranian Government with relation to the solution of the problems which have followed the nationalization of the Oil Industry in Iran. (It is obvious that the following remarks are to be regarded as a basis for negotiations without prejudicing the rights of either of the two parties):

The Nationalisation of the Oil Industry in Iran and its acceptance in principle by the British Government on its own behalf and on behalf of the former Anglo-Iranian Oil Company, has given rise to many problems, the main amongst which are: the sale of oil to the former customers, the employment of the foreign technical staff, and the determination of the amount of compensation which must be paid to the former company, all awaiting a satisfactory solution.

It goes without saying that any solution found for either of the three above-mentioned problems must not involve only the interests of the Iranian Government and the former customers plus the share-holders of the former Anglo-Iranian Oil Company within the limits of the Oil Nationalisation Laws, but at the same time must exercise a conciliatory influence on both. The Imperial Iranian Government, having in mind the above consideration, and after due consultation with the Mixed Parliamentary Board, proposes the following basis for the negotiations and the joint consideration of the British and Iranian Delegations :—

1. *The Sale of Oil to the former Customers*

The Imperial Iranian Government, in order to prevent any damages accruing to the purchasing rights of its former customers, not only reserves the said rights but gives them priority over the new customers. The British Government and the other former customers, can, therefore, enjoy this right and to purchase the same quantities of oil bought previously at the prevailing international prices and on the basis of commercial agreements. Furthermore, if there is any surplus amount of oil unsold after the demands of the former customers have been satisfied, the same shall have priority over others provided all terms and conditions are equal.

As a rule the sales of the Iranian Oil products shall be on the basis of the F.O.B. prices at one of the Iranian ports. The Iranian Oil Company is prepared to make individual contracts with each one of its former customers, and they can receive their oil either directly or through transport and distribution companies; they can even depute one or more freight agencies to receive their shares of oil.

2. *The Employment of the Foreign Technical Staff*

The National Oil Company of Iran is ready to employ foreign technicians according to individual contracts and upon the same terms and privileges which they have enjoyed during their period of service with the former Anglo-Iranian Oil Company. Furthermore, in order to prevent

the appearance of any derangements and confusion in the great oil industry, the Iranian Government is ready to keep the same organization, administrative and technical that had been founded by the former Company, save what is contrary to the Oil Nationalisation Law, and each department, administrative and technical, shall be entrusted to an expert whether foreigner or Iranian, who would be given enough authority to run the Department under his management with complete efficiency and without intervention from outside. In order to give the National Oil Company of Iran an impetus to keep pace with the modern progress in oil technology and the management of the Industry, the Iranian Government proposes to employ a certain number of first class oil experts from neutral countries to become members of the executive board of the said industry.

3. The Payment of Compensation

With regard to the question of compensation payments to the former Company for its assets in Iran, and with due regard to the counter-claims of the Iranian Government, as it has been repeatedly pointed out, we are ready to submit to a complete and equitable examination of the said claims with a view to the determination of the rights of each party and their satisfactory settlement.

• • • • • •

Pursuant to the discussions which took place at 8 p.m. on Wednesday, Mordad 30, 1330

(August 22, 1951) between His Excellency the Prime Minister and His Excellency Mr. Stokes, Head of the British Delegation, the following memorandum was submitted by the former to the Lord Privy Seal :

" With regard to the technical and administrative affairs of the oil industry and Your Excellency's request for making arrangements favourable for the continuation of the services of the British Staff, the Imperial Iranian Government will agree to the establishment of a dependable organisation, provided you give favourable consideration to the Imperial Iranian Government's views regarding the following two questions; namely, the question of sales and that of compensation."

Text of the Premier's last letter to Mr. Averell Harriman before he left Tehran :

August 24, 1951,
Tehran.

Dear Mr. Harriman,

It is to be regretted that the negotiations of the joint Anglo-Iranian Delegations were threatened by an impasse. It has been my continuous hope that in the questions of mutual interest the efforts made by the two parties should have resulted in a desirable conclusion.

The Iranian Government welcomed the proposal made by the President of the United States of America for Your Excellency to come to Iran

and find a satisfactory solution for the oil question. The Iranian Government and people sincerely appreciate the amicable feelings of the Government and the people of the United States towards themselves; and admit the fact that the Iranian Oil is not only important for the national development of Iran but is also of great importance to the free world. Hence all our efforts have been concentrated in finding a satisfactory solution to this problem which will safeguard not only the interests of the free world but would conciliate them with our national interest from which we have no way of escape.

As a result of the negotiations carried by Your Excellency with the Iranian Government, a formula was found to start negotiations with the British Government which would do so on behalf of the former Anglo-Iranian Oil Company. The said formula was accepted by the latter Government, and we were hopeful that negotiations would be carried on within the limit of that formula between the Delegations of the two Governments; but unfortunately no understanding has been achieved so far.

With reference to the question of compensation accruing to the former Company for its assets in Iran, it has been repeatedly stated and also stipulated in the relevant Law that the Iranian Government has never intended to confiscate a foreign Company's properties, but has always shown its readiness to pay compensation for such losses on the basis of the value of the former

Company's shares as quoted or in any other mutually satisfactory manner after having examined the claims and counter-claims by duly qualified experts. I presume that this cannot be called confiscation as referred to in Your Excellency's letter.

Now coming to the question of the sale of oil and its marketing in the world, whilst we admit that for the export of large quantities of oil we must utilize the great facilities which certain companies possess for the transportation and distribution of oil in the various markets of the world, yet I must bring to your consideration the following fact that since Iran sells its oil at international rates at F.O.B. value at any Iranian port, and the purchasing organizations which sell the product add to the sales price freight and insurance costs plus their profits, there is no reason why the producing country should sell oil to them at a discount which is contrary to all the existing commercial practices. Hence the British Delegation's proposal to buy large quantities of oil at commercial prices at the Iranian ports while the Iranian National Oil Company should give them a discount equal to fifty per cent of its profits is regarded by us against all rules of justice and equity and contrary to all commercial usage.

With reference to the technical staff required for the efficient management of the plant, the Iranian Government admits that a well-equipped

team cannot be gathered together in a short period of time, and has consequently refused the numerous applications forwarded to it by foreign experts for employment. The Iranian Government wishes to keep in its service the same technical staff now occupied in the oilfields, and is ready to give them enough authority and freedom of action so that they may carry on their duties in an efficient way; but meanwhile it does not desire to enter into any agreement with a foreign government or organization in this respect. For with the bitter experiences which we have in our contacts with the former Company, we do not wish to create new barriers to our authority in this vital question. It has been repeatedly said that this technical staff is composed of free men and no one can compel them to work against their will. This is an obvious statement of facts, and the Iranian Government has never wanted to compel any one to its service. A contract is usually based on the mutual satisfaction of the two parties and every foreign technician, who is prepared to accept the terms, can become an employee of the Iranian Government.

It has been stated in Your Excellency's letter that the British Delegation have withdrawn their proposals because they claimed that the Iranian Government have read into their proposals what was not originally meant. Now it is the earnest desire of the Iranian Government that the counter proposals submitted by it to the British Dele-

gation should receive careful consideration and expects to hear their views on the same. We do not claim for a moment that our proposals are adequate enough for the object in mind but we desire that the said proposals should become the basis of our new negotiations.

The Iranian Government deems it necessary to declare its sincere interest for the second time in the fact that Your Excellency's endeavours might result in a positive conclusion and hopes that your consideration and interest in the amicable solution of the problem shall remain as it has been previously.*

Dr. Mohammad Mossadegh.

*The documents reproduced in the foregoing pages were received for the purpose of this book duly translated into English from the Government of Iran. Some obvious mistakes in grammar and usage have been corrected by the Author but in the absence of the original Persian text, it was not possible to revise the entire script of this portion.

XI

The Oil of Iran

(Continued)

THE foregoing pages have shown how the tripartite meetings at the Sahebqaranieh Palace between Dr. Mossadegh, Mr. Stokes, and Mr. Harriman finally failed to find a way out of the dispute. The breakdown of the negotiations was announced both by Dr. Mossadegh and Mr. Stokes on the 22nd August, 1951, after the second tripartite meeting, and on the following day, Mr. Stokes, accompanied by the other members of the British delegation left Tehran for London : by air. Mr. Harriman also left Tehran on the 24th August after a final meeting with Dr. Mossadegh (pp. 236-40) and an audience with the Shah.

On his way back to Washington, Mr. Harriman discussed the Iranian situation with Mr. Attlee and other British Ministers at Downing Street on the 27th August. On the following day, Mr. Harriman said in the course of a press conference in London: "We must realize that the nationalist feeling in Persia is very deep-rooted ......and must be understood and dealt with in a realistic way. I want to underline the fact to my British friends that this feeling of growing pride

and national spirit is understandable, and should be accepted, encouraged, and dealt with as your Government has tried to deal with it in other countries, and as we have tried to deal with it. No big company, whether American or British, is ever popular in an under-developed... Another factor that has added to the difficulties is that the Persian Government has not got a skilled technical staff of advisers who understand the practical and commercial aspects of the world-wide oil business, or even the great problems that exist in operating big oil production and refining. Therefore, it was natural that political pressures loomed disproportionately large to the Iranian Government."

On the 23rd August—the same day that Mr. Stokes left Tehran after the breakdown of his mission—the Anglo-Iranian Oil Company ordered all its British, Indian and Pakistani staff to evacuate the South Iranian oilfields, and announced that the British employees at the Abadan refinery would be gradually reduced to a skeleton staff of about 350. The British Foreign Office, however, issued a statement on the same day reiterating that H. M. Government were prepared to reopen the negotiations 'whenever any disposition is shown on the Persian side to discuss the question in dispute in a spirit of goodwill and reason', accusing the Iranian Government of taking no steps to mitigate the 'campaign of interference' with the Anglo-Iranian Oil Company staff, and of refusing to agree to any arrangements which would allow the

British staff to work under proper management; and emphasizing that H. M. Government would continue to take its stand on the interim judgement of the International Court.*

On the 5th September, Dr. Mossadegh declared in a speech to the Iranian Senate that his Government intended to base its counter-proposals to the British Government on four points: (1) it intended to appoint a joint board with technicians from "neutral" countries to ensure the efficient management of the oil industry; (2) it would agree to retain the British staff on the same terms as hitherto, with heads of departments being directly responsible to the board of directors of the N.I.O.C. (National Iranian Oil Company); (3) it was ready to negotiate a "just settlement" of the claims of the former oil company (*i.e.* the Anglo Iranian Oil Company), subject to Iranian counter-claims; and (4) it was prepared to sell to Britain ten million tons of oil per year, and to consider that 50 per cent of the price should be offset against compensation claims by the former company.

But before these proposals could be placed before the Majlis, the British Government announced on the following day that "the speech by the Persian Prime Minister shows conclusively that no further negotiations with the present Persian Government can produce any result"; that "H. M.

*Keesings Contemporary Archives, p. 11,823 For details about the Oil Case in the International Court of Justice, see Section IV of this Chapter.

Government, therefore, consider that the negotiations began by the Lord Privy Seal are no longer in suspense but broken off" ; and with regard to the Iranian Government's intention to withdraw the residence permits of British oil employees in Iran unless Britain declared herself ready within a fortnight to resume negotiations on the basis of the above counter-proposals, or herself came forward with new proposals, that "any attempt made by the Persian Government to evict them would be a further breach of the interim decision of the International Court."

Again, on the 10th September, the British Treasury announced the withdrawal from Iran of certain trade and financial facilities that had hitherto been accorded to her by the British Government. It was pointed out in London that by this decision Iran would be deprived of virtually all her dollar income, would be unable to earn any new sterling, and would no longer be allowed to import from Britain certain scarce goods which 'could have been sold either for dollars or to other markets'. Simultaneously with the Treasury's action, the Board of Trade revoked outstanding licences for the export to Iran of certain scarce goods ; the goods in question included sugar, iron and steel products (*e. g.* railway track material), non-ferrous metals, alloys, and certain processed oil not obtainable in Iran. A Foreign Office announcement of the 14th September, 1951, stated that "in conformity with the economic measures designed to protect the U. K.'s

economy" which had been earlier announced, H. M. Government had requisitioned 3,000 tons of railway track equipment and 2,000 tons of sugar which were *en route* for Iran, that these cargoes would be returned to Britain, and that H. M. Government would reimburse Iranian buyers for the sums paid for these goods.*

On the 12th September Dr. Mossadegh wrote the following letter to Mr. Harriman setting forth his Government's counter-proposals for the reopening of negotiations with Britain, and requested him to transmit them to the British Government:

"The Sahebqaranieh conference which came into existence as a result of your endeavours and goodwill, and in which the Iranian Government lodged their complete faith, unfortunately did not produce the desirable results. Subsequently Mr. Stokes and Your Excellency left Iran, and the negotiations were declared to be suspended, in spite of the fact that at my last meeting with Mr. Stokes I gave him, in writing, the view-points of the Iranian Government, and he promised to give due consideration to the same and inform me about his views from London. While the Iranian Government expected that the negotiations would be started on the basis of the view-points submitted to him, unfortunately we have been kept in suspense up to the present...Hence it ventures to offer the present proposals through Your Excel-

*Keesings, p. 11,824.

lency, with a request for their immediate transmission to the British Government.

"1. The main point of difference which appeared during the last days of the negotiations concerned the management of the National Iranian Oil Company. Mr. Stokes suggested that either an operating agency or a British General Director should have charge of the management of the oil industry. The Iranian Government could not give its accord to such a proposal because, according to the formula submitted by Your Excellency to the British Government, it was obvious that all exploration, extraction, and exploitation activities should be in the hands of the Iranian Government, and to accept any proposal contrary to that formula would be looked upon as submission to a revival of the former Anglo-Iranian Oil Company under a new guise. The Iranian Government does not deny the fact of its need of a foreign technical staff, and also the fact that such technical men need to have sufficient autonomy and liberty of action which would be conducive to the best management of the industry. The former A.-I. O. C. was divided into various departments, having at the head of each department foreign experts with necessary and proper liberty of action. The Iranian Government has in mind to keep the same organization, in so far as it does not contradict the terms of the Nationalization Law, and to employ the managers and responsible heads of technical sections in the N. I. O. C. with the same amount of authority which they have

enjoyed previously. Furthermore, in order to keep pace with modern advances in oil technology, the Iranian Government is prepared to take advantage of the expert knowledge of foreign technicians from neutral countries, and to provide in the organization law of the N. I. O. C. for a mixed executive board, composed of such experts and the Iranian specialists who would jointly manage the administrative and technical affairs of the National Iranian Oil Company.

"2. While it has been repeatedly stated that the Iranian Government has never intended, and does not intend, to confiscate the properties of the former company, it proposes the following three methods for an equitable settlement of the just claims of the former A. I. O. C. with due regard to the claims of the Iranian Government:

"(a) Determination of the amount of compensation to be based on the quoted value of the shares of the former company at the prevailing quotations prior to the passage of the Oil Nationalization Law; (b) the rules and regulations relative to nationalization in general which have been followed in democratic countries to be regarded as a basis for the determination of amount of compensation; (c) or any other method which may be adopted by mutual consent of the two parties.

"3. As we have been informed that Britain has been using about 10,000,000 tons of Iranian oil per year for its internal consumption, the Iranian Government declares its readiness to sell

this amout of oil for a period agreed upon by mutual consent of both parties every year, at the prevailing international prices on the basis of the f.o.b. value in Iranian ports.

"4. One of the proposals of Mr. Stokes was the transport of Iranian oil by a company which he proposed. We can agree to deliver the fixed amount of oil which is sold to Great Britain to any company or transport agency of their designation.

"The aforesaid points are to be regarded as a basis for starting new negotiations, and the Iranian Government hopes that eventually an agreement may be reached.

"The Iranian Government and people can no longer tolerate this state of suspension because, on the one hand, there are a number of British experts in Abadan who are prevented by the former A.-I. O. C. from being employed by the N. I. O. C., and the Iranian Government, with its good intentions and its expectations of arriving at a mutually satisfactory conclusion, has so far abstained from employing experts from other countries.

"On the other hand, so long as the existing differences are not removed, and certain employees of the former A.-I. O. C. cause new agitation every day and create misunderstandings in the relations between Great Britain and Iran, it is obvious that other countries will not be ready

to send their experts to Iran and enter into transactions for the purchase of oil with us.

"It must be pointed out that, as a result of this confused state of affairs and the derangements in the economic and financial affairs of the country, in addition to the enormous maintenance costs of the oil industry imposed on our budget, we cannot endure such a situation for a long period, and the Iranian Government, because of its great responsibility, deems it necessary to bring to a close this period of uncertainty. Hence, if within 15 days from the date at which this present proposal is submitted to the British Government no satisfactory conclusion is achieved, the Iranian Government regrets to state that it will be compelled to cancel the residence permits held by the British staff and experts now residing in the southern oilfields."

Mr. Harriman, however, declined to transmit these counter-proposals to London as, according to his reply to Dr. Mossadegh, "the proposals do not represent an advance from the positions taken in the discussions in Tehran, and in some respects appear to be the opposite."

On the 28th September, 1951, the British Foreign Office announced that their Government intended to bring the Iranian oil dispute before the U. N. Security Council, and on the 1st October, the Foreign Office further announced that "in view of the uncertainties of the situation

and of the necessity to provide against all eventualities," all British staff would be withdrawn from Abadan "at short notice". As a result of this decision, about 320 members of the A.-I.O.C. left the country on the 3rd October, and the last group of ten senior A.-I.O.C. officials left for Basra on the following day.

II

The Anglo-Iranian oil dispute was brought before the U. N. Security Council by Britain on the 1st October, 1951, as a situation likely to endanger international peace. The Security Council decided by nine votes to two to place on its agenda the British resolution calling on Iran to respect the decision of the International Court in the oil dispute, and in particular to withdraw the expulsion orders against the British technicians at Abadan. After the British case had been presented by Sir Gladwyn Jebb, the Council agreed, at the request of the Iranian representative (Dr. Ardalan), to postpone further discussion on the resolution pending the arrival in New York of Dr. Mossadegh.

The Security Council resumed its debate on the 15th October after the arrival of Dr. Mossadegh in New York. Sir Gladwyn Jebb, speaking on that day, described the reasons which had led his Government to submit the new resolution in place of the original one :—

"As we all know, the situation has changed since September 29, when our original resolution

was filed. Then it was hoped that the Security Council might urgently express its view that the continued residence at Abadan of the remainder of the Company's staff should be permitted. However, the position of these technicians became so difficult that they had to leave, and were in effect expelled by the Persian Government. The operative part of our original memorandum is consequently to that extent out of date. As realists, we must also admit that there is not much point in our now suggesting that Persia should be called upon to act in all respects in conformity with the provisional measures indicated by the International Court, which have, unfortunately to some extent been overtaken by events.

"Our new resolution consequently calls for a resumption of negotiations at the earliest practicable moment but suggests that the differences between the parties should be resolved in accordance with the principles of the provisional measures indicated by the International Court. By this phrase we mean that we are not now insisting purely and simply on the return to the *status quo* which existed before May 1. We mean, on the contrary, that we are seeking agreement between the parties at least on a provisional scheme enabling the flow of oil to be resumed without prejudice to the ultimate agreed solution of the dispute.

"In other words, without abandoning our struggle for the acceptance of the rule of law as

opposed to the rule of force, we are trying to suggest a way by which reasonable people can, with goodwill, find an approach to a settlement which will enable a great industry to resume its operations. I, therefore, appeal to our distinguished colleague from Persia not to take up an aggressively nationalistic attitude; not to brood unduly on old imagined wrongs; but to concentrate on the broader aspects, and to show by his attitude that he seeks a constructive solution which will enable us to achieve some synthesis between the industrialized West and the as yet only partially industrialized nations of the East, that will redound to the benefit of the world."

Presenting the Iranian case to the Council on October 16-17, Dr. Mossadegh commenced by asserting that the Security Council had no jurisdiction in the Anglo-Iranian oil dispute, but agreed that the U. N. was the supreme world organisation with responsibility for the maintenance of international peace and security. He continued, "The Council cannot perform its great task, nor can the small nations regard it as their refuge, unless the great Powers respect the principles which it was created to embody. If a State can bring before the Council a matter not within its competence, and the Council for political reasons must decide to take cognizance thereof, the Council will become an instrument of interference in the internal affairs of one country by another. In that way it would lose the peoples'

confidence and fail in its duty as guardian of world peace.

"The Second World War changed the map of the world. Hundreds of millions of Asian people, after centuries of colonial exploitation, have regained their independence and freedom. Iran demands just that right. It expects this international tribunal and the great Powers, to help it also to recover its economic independence, to achieve the social prosperity of its people, and thus to affirm its political autonomy.

"Our greatest natural asset is oil. Its exploitation should properly be our national industry, and the revenue from it should go to improve our conditions of life. As at present organized, however, the petroleum industry has contributed practically nothing to the prosperity of the people or the technical progress or industrial development of my country. The evidence for that statement is that, after 50 years of exploitation by a foreign Company, we still have not enough Iranian technicians and must call in foreign experts. To give you an idea of Britain's profits from the enormous industry, I may say that in 1948, according to the accounts of the former Anglo-Iranian Oil Company, the new revenue of the company amounted to £61,000,000 but Iran received out of those profits only £9,000,000 though £8,000,000 went into the U. K. Treasury merely in profits tax. I must add that the population living in the oil region of Southern Iran and around

Abadan is suffering in conditions of absolute misery, without the barest necessities of life. If the exploitation of our oil industry is to continue in future as it has done in the past, if we are to tolerate a situation in which the Iranian plays the part of a mere manual worker in the oilfields and in the Abadan refineries, and if foreign exploiters are to continue to take virtually all the income, our people will remain for ever in a state of poverty and misery.....

"In the course of negotiations between the two countries preceding the U. K. complaint to the Security Council, my Government manifested the utmost goodwill and submitted sound and constructive proposals regarding a method of fixing compensation and the sale of oil to Great Britain. This conciliatory attitude has, however, proved fruitless, and resulted only in a waste of time and an interruption of the flow of Iranian oil to its previous markets, as well as aggravating Iran's economic difficulties. I wish once again to declare emphatically that my Government is quite willing to reopen direct negotiations on the two points mentioned as soon as the United Kingdom shows a real desire and intention to reach a settlement. But if we delay the resumption of oil exploitation, our economic situation will go from bad to worse and our administrative and financial machinery will be paralysed.

"For these reasons, you will, I hope, agree that there is no justification for the Council's

intervention. We expect the Council to abstain from making any recommendations which might delay the accomplishment of our task, since any such delay would deprive us of the freedom of action which is necessary to enable us to continue undisturbed in our efforts to bring our present deplorable situation to an end."

Speaking at the end of the debate on the 17th October, Dr. Mossadegh declared that "wherever the former Company (A.-I.O.C) may operate in future, it will never again operate in Iran," and added: "Neither by trusteeship nor by contract will we turn over to foreigners the right to exploit our oil resources. We are willing to sell oil and to keep it flowing in the established channels. We are eager to provide practical assurances on which our customers can found reasonable expectations that their requirements will be supplied. We are willing to pay for the services of qualified technical personnel. We shall not discuss ownership or control of our oil industry... We are not prepared to finance other peoples' dreams of empire from our resource."*

The Security Council decided by eight votes to one (Soviet Union) with two abstentions (Great Britain, as a party to the dispute and Yogoslavia) to postpone further discussion on the question until after the International Court of Justice had given a decision as to whether

*Keesings, p. 11,958

it had jurisdiction in the British legal case against Iran.

III

On the 12th December, 1951, the Iranian Government sent Notes to all countries which formerly purchased oil from her stating that unless the countries concerned indicated within ten days their desire to continue such purchases, the priority which had been promised to former purchasers under the Oil Nationalization Law would be withdrawn. In a reply presented in Tehran on the 22nd December, the British Government reiterated that the oil dispute, having been referred to the International Court, was still *sub judice*, and declared that in the absence of an agreement with Iran, it "cannot agree to the purchase of Persian oil by British nationals, and do not recognize the Persian Government's legal right to dispose* of the oil.

On the 19th January, 1952, the Iranian Government sent a Note to the British Embassy complaining that the British officials in Iran interfered in the Iranian affairs, and that the Iranian Government was "not prepared to tolerate such behaviour." The Note was returned

*As a consequence of this, the *Rose Mary*, a small tanker which had sailed from the Persian Gulf Port of Bunder Mashur with a cargo of 788 tons of crude Iranian oil consigned to an Italian port, where it was to be refined on behalf of a Swiss firm, was detained at Aden on the 18th June, 1952. On that date the Aden Supreme Court issued a temporary injunction restraining the owners or their agents from removing any part of the vessel's cargo. The injunction was granted at the request of the Anglo-Iranian Oil Company, which claimed that, pending the settlement of the Anglo-Iranian oil dispute by the International Cour at The Hague, the oil from the Company's installations in Iran remained its property.

by the British Embassy with the remarks that the Embassy was 'unable to take cognizance of this communication' since the manner of its presentation was 'contrary to diplomatic courtesy.' On the 12th January, the Iranian Government sent another Note to the British Embassy saying that it was "unable to tolerate any further interference by the British Government in the internal affairs of Iran," and demanding the closing of all British Consulates in Iran by the 21st January, 1952, for the following reasons: (1) that "British consular officials in various parts of Iran have exceeded their proper duties and have interfered in the internal affairs of Iran in a way which threatens the independence of this conntry"; (2) that the number of British nationals in Iran "does not warrant the presence of British Consulates in most parts of the country"; and (3) that "since consular relations between the two countries are on a reciprocal basis and Iran has no consulates in Britain......it follows from the principle of reciprocity that Britain should have no consulates in Iran."

Another Note renewing its demand that all British Consulates in the country should be closed down on the following day was handed over to the British Embassy on the 20th January, 1952, by the Iranian Government. Consequently, all the nine British Consulates and Consulates-General in Iran, *viz.*, the Consulates-General at

Tabriz, Meshed and Ahwaz, Khorramshahr, and Bushire were closed down on the 21st January, 1952.

IV

The International Court of Justice was first approached about the Anglo-Iranian dispute by means of a formal application filed by the British Government on the 26th May, 1951. The application after reviewing in detail the course of the dispute and the unsuccessful attempts to reach a settlement through direct negotiations, claimed that :

(*a*) "the Iranian Government was not entitled to refuse to submit the dispute with the Anglo-Iranian Oil Company to arbitration, as provided for in the Convention concluded in 1933 between the Iranian Government and the Company ;

(*b*) by the terms of the Oil Nationalization Act of May 1, 1951, the Iranian Government had purported to effect a unilateral annulment of the 1933 Convention, contrary to the express terms of Articles 21 and 26 of that agreement ;

(*c*) the Iranian Government had thereby committed a wrong against the Oil Company, a British national ;

(*d*) in rejecting arbitration—the means provided by Article 22 of the Convention for settling ,'*tous differinds de nature quelconque entre les parties*" —after the Oil Company had filed a notice in writing requesting arbitration, the Iranian Government had denied to the Company the legal remedy expressly provided for in the Convention ;

(*e*) in purporting unilaterally to annul the Convention, and in denying to the Company the legal remedy expressly provided for therein, the Iranian Government had been responsible for a denial of justice against a British national ;

(*f*) by its conduct, the Iranian Government had treated a British national in a manner not in accordance with the principles of international law and had, in consequence, committed an international wrong against the Government of the United Kingdom."

The statement went on to declare that Iran had accepted treaties and conventions binding her to accord to British nationals the same treatment as that accorded to the nationals of the most favoured nations, and had also accepted treaties and conventions binding her to treat the nationals

of certain other States in accordance with the principles of the International Law. It, therefore, followed in the submission of the British Government, that Iran had accepted treaties binding her to treat British nationals in accordance with the principles of International Law. There also existed a direct treaty obligation, incurred in 1928, binding the Iranian Government to treat British nationals in accordance with the principles of the International Law.

The British Government, therefore, asked the Court to give notice to the Iranian Government of the application, and after hearing the contentions of the parties :

(*a*) "To declare that the Iranian Government is under a duty to submit the dispute between itself and the Anglo-Iranian Oil Company to arbitration, under the provisions of Articles 22 of the 1933 Convention, and to accept and carry out any award issued as a result of such arbitration.

(*b*) Alternatively,

(*i*) To declare that the putting into effect of the Oil Nationalization Act, in so far as it purports to effect a unilateral annulment or alteration of the terms of the Convention, would be an act contrary to International law, for which the Persian Government would be internationally responsible.

(*ii*) To declare that Article 22 of the Convention continues to be legally binding on the Persian Government, and that, by denying to the Company the exclusively legal remedy provided in Article 22, the Persian Government has submitted a denial of justice contrary to International law.

(*iii*) To declare that the Convention cannot lawfully be annulled, or its terms altered, by the Iranian Government, otherwise than as the result of agreement with the Company, are under the conditions provided in Article 26 of the Convention.

(*iv*) To adjudge that the Iranian Government should give full satisfaction and indemnity for all acts committed in relation to the Company which are contrary to international law or the 1933 agreement and to determine the manner of such satisfaction and indemnity."

Finally, the British Government reserved the right "to request the Court to indicate any provisional measures which ought to be taken to protect the rights of the British Government so that their national, the Anglo-Iranian Oil Company, should enjoy the rights to which it is entitled under the Convention."

On the same day (May 26) the Anglo-Iranian Oil Company asked the President of the International Court to appoint an arbitrator in accordance with Article 22 of the 1933 Convention. Besides, on the same day the U. S. Government sent a new *aide-memoire* to the Iranian Government urging it to seek a direct negotiated settlement with Britain on the oil nationalization issue, and reaffirming its stand against "unilateral cancellation of contractual relationships and action of a confiscatory nature."

While negotiations dragged on without any feasible result for the next three weeks, on the 21st June, 1951, an extraordinary session of the Majlis was held in Tehran at which Dr. Mossadegh asked for, and obtained a vote of confidence in his programme for the immediate taking-over of all installations of the Anglo-Iranian Oil Company. There was no negative vote to the motion. The Senate also passed a vote of confidence in Dr. Mossadegh. In view, therefore, of the breakdown of the negotiations in Tehran, the British Government decided on the same day: (1) to send a written request to the International Court of Justice asking for a form of interim injunction calling upon the Iranian Government not to prejudice the position of the Anglo-Iranian Oil Company while the British Government's application to the Court of the 26th May was still pending; (2) to send immediately a telegram to the President of the International Court asking him to telegraph a

request to the Iranian Government to suspend for the present any acts which might prejudice the Company's position pending a decision on the application for an interim injunction.

The International Court of Justice published on the 23rd June, 1951, a summary of the British request for an interim injunction in which the British Government had asked the Court (June 22) to indicate that the Iranian Government

(*a*) "should permit the Anglo-Iranian Oil Company, its servants, and agents, to search for and extract petroleum; to transport, refine, or treat in any other manner to render suitable for commerce, and sell for export the petroleum obtained by it; and generally to continue to carry on the operations which it was carrying on before May 1, 1951, free from interference calculated to impede or endanger the operations of the Company by the Persian Government or any board, commission or other body nominated by them;

(*b*) "should not by any executive or legislative act or judicial process hinder or prevent the Anglo-Iranian Oil Company from continuing to carry on its operations as aforesaid;

(*c*) "should not sequester, seize or otherwise interfere with any property of

the Anglo-Iranian Oil Company, including (but without prejudice to a decision on the merits of the case) any property which the Persian Government have already purported to nationalize or otherwise expropriate;

(*d*) "should not sequester or seize any moneys earned by the Anglo-Iranian Oil Company or otherwise in the possession or power of the Company;

(*e*) "should not require the Anglo-Iranian Oil Company to dispose of the moneys referred to above otherwise than in accordance with the terms of the Convention of 1933, or of any mesure to be indicated by the Court;

(*f*) "should ensure that no other steps of any kind are taken capable of prejudicing the right of the U. K. Government to have a decision of the Court in its favour on the merits of the case, should the Court render such a decision;

(*g*) "should, like the U. K. Government, ensure that no step of any kind is taken capable of aggravating or extending the dispute submitted to the Court, and in particular, that the Persian Government should abstain from all propaganda calculated to inflame opinion in Persia against the Anglo-Iranian

Oil Company and the United Kingdom."

The application pointed out: (1) that a large number of Anglo-Iranian employees, especially those of non-nationality, were unlikely to accept employment from the National Iranian Oil Company; (2) that once these men had left, it would be impossible to persuade them to return, at any rate for a very long time; (3) that without their services it would be "absolutely impossible" to maintain adequately the Company's operations "for the reason that there are not available, either in Persia or anywhere else in the world, managers and technicians with the necessary experience of the particular operating conditions in Persia"; (4) that if Iran operated the oil industry with inexperienced staff, production would inevitably be seriously reduced, and there would be "grave risk of injury to life and limb and also to property"; (5) that the Company's operations in Iran were "but a part of a world-wide organization" whose activities were integrated and controlled from London, and could not be conducted except in co-ordination with the remaining parts; (6) that these operations were dependent both on the constant flow of machinery, chemicals, construction materials, and supplies of all kinds from outside Iran, which could be economically provided only by a purchasing staff with world-wide experience and on planning and research, which were at present carried on outside Iran and could not be

improvised quickly in that country; and (7) that the production and refining of oil in Iran was worthless without a world-wide marketing organization and a tanker fleet to carry the oil "to those parts of the world where purchasers are found". Finally, the application pointed out that if Iran persisted in pursuing her present policy, it would not be possible to avoid at least a partial shut-down of the Anglo-Iranian Oil Company's operations in that country with harmful consequences, and that if the oil wells were "shut-in" by inexperienced persons, major "blow-outs" might develop which would lead to a substantial escape and loss of oil reserves.

The Iranian Government, prior to the hearing of the request, sent a telegram to the Court asking it both to declare that the case was not within its jurisdiction and also to reject the British request of the 22nd June, 1951. The International Court, however, gave its ruling on the British request for interim measures of protection, and indicated five provisional measures which the British and Iranian Governments should observe pending the Court's final decision on the main case.

The measures were:

1. That the two Governments "should each ensure that no action is taken which might prejudice the rights of the other party in respect to the carrying out of any decision on the merits of which the Court may subsequently render".

2. "That they should each ensure that no action of any kind is taken which might aggravate or extend the dispute submitted to the Court."

3. That they should each ensure that no measures of any kind should be taken to hinder the carrying on of the industrial and commercial operations of the Anglo-Iranian Oil Company as they were carried on prior to May 1, 1951.

4. That the Company's operations in Iran "should continue under the direction of its management as constituted prior to May 1, 1951, subject to such modifications as may be brought about by agreement with the Board of Supervision referred to in the next paragraph."

5. "To ensure the full effect of the preceding provisions......there should be established by agreement between the Persian and the U. K. Governments a board to be known as the Board of Supervision. It would be composed of two members appointed by each of the said Governments, and a fifth member who should be a national of a third State, and should be chosen by agreement between these Governments, or, in default of such agreement, and upon the joint request of the parties, by the President of the Court. The Board will have the duty of ensuring that the Company's operations are carried on in accordance with the provisions above set forth. It will, *inter alia*, have the duty of auditing the revenue and expenses and of ensuring that all revenue in excess of the sums required to be paid

in the course of the normal carrying on of the operations, and other normal expenses incurred by the Anglo-Iranian Oil Company, are paid into accounts at banks to be selected by the Board, on the undertaking by such banks not to dispose of such funds except in accordance with the decisions of the Court or the agreement of the parties."

Furthermore, the Court considered that it could not be accepted a *priori* that a claim based on such a complaint fell completely outside the scope of international jurisdiction, and held that these considerations sufficed to impower it to entertain the request for interim measures of protection. Finally, the Court declared that the indication of such measures in no way prejudged the question of its jurisdiction to deal with the merits of the case, and left unaffected the right of the Iranian Government to submit arguments against such jurisdiction.*

At the end of the Court's session Mr. Hussain Nawab, the Iranian Minister at The Hague, declared that his Government regarded the judgment as "an intervention in our internal affairs" and considered it null and void.

As a rule, prior to the oral hearing of a case by the International Court of Justice, written legal statements must be filed by both parties to the case—a Memorial filed by the applicant and a Counter-Memorial filed by the respondent, usually followed by a Reply filed by the applicant and a

*Keesings, p. 11,605.

Rejoinder to this filed by the respondent. On the 10th October, 1951, therefore, the British Government filed its Memorial asking the Court to decide whether the Iranian Oil Nationalization Act was contrary to international or whether it infringed International law only in so far as its provisions for compensation were adequate. In the Memorial the Court was requested to state —if it judged the Iranian Nationalization Act contrary to international law—whether the Anglo-Iranian Oil Company should be restored to its former status and paid compensation for all losses, or whether it should be paid compensation in accordance with the expropriation principles of international law. The British Government also submitted that it was entitled to a declaration from the Court that :

1. Enforcement of the Nationalization Act of May 1, 1951, was an act contrary to International law.

2. That the Iranian Government was bound, within a period to be fixed by the Gourt, to restore the A.-I. O. C., to abide by the provision of the convention providing for arbitration in case of differences between the two parties, and to pay compensation for loss and damages.

If, on the other hand, the Court should hold that the Nationalization Act was an infringement of International law only in so far as its provisions for compensation were inadequate, the memorandum proposed that the Court should suggest

arbitration on the amount of compensation, or if Iran should not submit to arbitration, should itself determine the amount of compensation.

The Iranian Government, however, instead of filing a Counter-Memorial, availed itself of the right under the Rules of the Court to file on the 11th February, 1952, a Preliminary Objection in which it again challenged the jurisdiction of the Court to deal with the merits of the case. The Court thereupon suspended proceedings on the merits of the case and ordered the British Government to present a written statement of their Observations and Submissions in regard to the Iranian Preliminary Objections. The British Statement of Observations, which was filed on the 27th March, 1952, in conclusion asked the Court to declare that it had jurisdiction or alternatively, if it felt unable to come to a decision on jurisdiction without examining the merits of the case, to join the two questions together, and having heard the merits, to give a decision on both questions[1] together.

An outline of the British case on the merits of the dispute and the remedies requested of the Court was given in the British Application of the 26th May, 1951 and amplified in the British Memorial of the 10th October, 1951. The Iranian Government, though it made no formal reply on the merits of the case, appeared to base

1. International Survey (Central Office of Information London) No. 101, 1st May, 1952, p. 17.

its case on the contention that the Iranian Oil Nationalization Laws of the 20th March and 2nd May, 1951 were valid acts of domestic legislation which made suitable provision for compensation (to be settled by the Iranian Parliament) and were inherently within Iran's sovereign rights.

In respect of the question of competence of the Court, the legal arguments put forward by the two parties dealt principally with, in the first place, the validity and interpretation of the Iranian declaration of 1930 accepting the jurisdiction of the Court, and in the second place with the interpretation to be placed upon a clause of the Charter of the United Nations.

In consideration of the Preliminary Objection put up by the Iranian Government challenging the jurisdiction of the Court to deal with the merits of the case, the Court invited Iran to substantiate this contention. Dr. Mossadegh thereupon decided to accept the invitation and represent the Iranian case at The Hague.

The International Court of Justice at The Hague opened hearings in the Anglo-Iranian oil dispute on the 9th June, the issue being confined to the question of the Court's competence to deal with the British complaint against Iran. The opening of the hearings had been postponed for a month at the request of the Iranian Government to enable Dr. Mossadegh to attend personally the Court's proceedings. As Britain was a party to the

dispute, Sir Arnold McNair, the President of the International Court, sat as an ordinary member only, whilst Dr. Jose Guerrero (El Salvador), the Court's Vice-President, acted as President. Two members of the Court did not take part in the sittings, *viz.*, Sir Benegal Rau (India), who had been a member of the U. N. Security Council when the dispute was placed before that body last year, and Dr. Sergei Golunsky (Soviet Union), who was ill. Dr. Karim Sanjabi (of Tehran University) was sworn in as *ad hoc* Iranian judge, in accordance with the rules of the Court.

On the British side the chief representatives were Sir Lionel Heald, the Attorney-General, Sir Eric Beckett, legal adviser to the Foreign Office, and Mr. G. H. M. Waldock, Professor of Public International Law at Oxford University. The principal Iranian representatives were Dr. Mossadegh, M. Hussein Nawab, the Iranian Minister at The Hague, and Professor Henri Rolin, the Belgian international jurist*.

Opening the Iranian case, Dr. Mossadegh, speaking in French with a clear voice, told the Court that there was "no @ moral or political possibility of questioning our nationalization of the oil industry. That is why, in spite of my feeble physical condition, I have come to The Hague to make you understand that under no conditions can we recognise the jurisdiction of the

*Keesings, p. 12,429.

@ Based on U. P. A., Reuter and A. P. A. messages issued separately from The Hague on June 9, 1952.

Court in this affair. We cannot afford to expose what we feel is essential to the risk that a possible unfavourable decision might be made."

Dr. Mossadegh then pointed out that half a century ago his country had already been the object of two important rivals Britain and Russia. Britain had won, he said, and since 1919, when the Anglo-Iranian Oil Company settled there, the British policy had been constantly inspired by a will to acquire the exclusive property of the Iranian oil.

"To the detriment of our country," he said, "the British wanted to acquire immense financial advantages. Everything was in their hands. Iran was left in the dark with regard to the quantities and prices of the oil. The British Empire wanted monopoly also with regard to the transport of oil. All technical functions were for the British."

The Prime Minister then warmed up to his subject, dramatically claimed before the Court that the British had set up "a State within a State" in Iran with the aim of destroying the nation. "Britain had a secret police net-work throughout the country keeping close liaison with the British Intelligence Service," added Dr. Mossadegh.

He charged that Britain's "evil activities" against Iran last year included "acts of intimidation, the sending of paratroopers to regions near

our borders, and bettleships to the waters off our coasts, fomenting of plots against our Government, sabotage in the economic and financial fields and the launching of a campaign of propaganda and insults throughout the world. Now Britain is holding itself up as a victim. The United Kingdom has tried for years to assure its domination of Iran[1] and favoured a despotic Government which it kept in power for 20 years. The British want to assure themselves of our oil as their exclusive property."

Dr. Mossadegh charged that the Iranian employees of the oil industry were "condemned to material conditions better fit for domestic animals. Now Britain is making a crafty attempt to regain the oil industry by peaceful means".

"Nationalization," he said, "is a prerogative of any civilized State, be it in the East or West." "The United Kingdom," he said, "recognised the Harriman formula, and therewith the principle of oil nationalization." "This was confirmed," he said, "by the British representative in the Security Council, Sir Gladwyn Jebb. It was therefore, impossible for the U. K. or for the Anglo-Iranian Oil Company to retract from recognition of this formula."

Dr. Mossadegh, referring to compensation to be paid by his Government, said that this point

1. That strategy and not oil is dominating Western policy towards Iran, is a subject under much discussion to-day. Extracts from some leading American papers will be found in the last Section of this Chapter.

was set out in the Nationalization Law, which does justice to the necessary claims by the A.-I. O. C.

Dr. Mossadegh said that his country remembers the abuses by A.-I. O. C. and the British Government of the Concession of 1933.

He contended that the Iranian claims and Nationalization Law were most moderate.

"I do not see how Iran stands in unfavourable comparison with other nations which nationalised their industries, notably the United Kingdom," added Dr. Mossadegh.

He said he hoped that the International Court of Justice would realise the justice of leaving the sacred oil interests to his country, instead of leaving them in the hands of a foreign company.

"Iran asks the Court to refuse to intervene in this matter," said Dr. Mossadegh.

Concluding his address, he said, he had wanted to produce a mass of documentary material showing the grave intrusions the A.-I.O.C. had made in Iranian public life.

"But", he said, "I have submitted to the desire of the Court that I limit myself, and can, therefore, throw full light on this problem to the public of the world, but at least I hope that the Court will understand the reasons for our attitude."

At the end of the morning session a six-point conclusion by the Iranian Government was read by a member of the delegation. It asked the World Court to state:

One—That the United Kingdom has modified the object of her action as laid down in her original application and the Court should declare unacceptable the claims made by the United Kingdom.

The United Kingdom has asked the Court to condemn the Iranian Government to give full satisfaction and indemnity to the A.-I. O. C., and has also asked for the return of the Company's property, determination of the requested indemnity would be by arbitration.

Two—That the Court declares itself incompetent ex-officio.

Three—That the Court is merely competent in the measures agreed by the two parties.

Four—That the British claims are not in accordance with the treaties invoked by the U. K. Government.

Five—That the claim for indemnity is not acceptable because the A.-I. O. C. has not made use of the regulations provided by the Iranian legislation.

Six—That the United Nations Charter should be interpreted similarly to the old League of

Nations Covenant, which said that the Court was not competent in matters belonging essentially "to the domestic jurisdiction of a State".

Speaking after Dr. Mossadegh, Professor Henri Rolin outlined legal contentions on the question of competence, maintaining that neither under the Charter of the United Nations nor under the statutes of the International Court could the domestic problem of oil be considered as a subject of an international dispute.

On the second day's hearing (June 10) Professor Rolin continued his examination of the interpretation of the Statute of the Court, the Charter of the United Nations, the Treaties which Great Britain had with Iran and the Anglo-Iranian Oil Company's Concession of 1933.

"All of these," he declared, "prove that the Court cannot deal with the dispute because the nationalization of Iran's oil is a purely domestic matter."

Professor Rolin added that the British claims on the Court were not admissible because the United Kingdom had accepted the principle of nationalization of oil in Iran. He also declared that since the case had been filed, those claims that had been increased by the addition of an alternative demand to the Court in the matter of compensation. He further stated that this introduction of a new claim during the actual proceedings was wrong, specially when Iran had

renounced its acceptance of the Court's jurisdiction before this claim was made.

Dealing with Iran's original proposals for a settlement, Professor Rolin said that the Iranian offer was "as liberal as could possibly have been made." He asked the Court to refuse to consider any economic or technical matters dealing with the application of the nationalization law.

"The International Court is not constituted to deal with matters not clearly and fundamentally judicial in character," he said. He maintained that the oil dispute was not a judicial one.

"In the troubled circumstances in which the world is today," Professor Rolin declared, "the Court must remain faithful to judicial matters only as is so wisely laid down in the Statute."

Sir Lional Heald, opening the British case on June 13, confined himself to the question of jurisdiction after describing Dr. Mossadegh's political arguments as "irrelevant" at the present stage of the proceedings, and stating that they had been fully answered elsewhere. He pointed out, however, that the question whether—as Iran claimed—the dispute was a domestic matter, affected not only the jurisdiction issue but also the merits of the case, since any decision that the dispute was purely domestic might be interpreted as an approval of the Iranian Government's act of expropriation.

Dealing with the question of jurisdiction, Sir Lionel Heald claimed that Iran had committed breaches of treaties which provided that British nationals would be treated in accordance with international law, and that the Iranian Government had not, in respect of the Anglo-Iranian Oil Company, followed the existing rules of international law regulating nationalization and cancellation of concessions. Since there had been a breach of international obligations, both customary and conventional, Iran must make reparation, and the question of the nature of the reparation must be determined by the Court or some impartial body nominated by the Court. The provisions for compensation contained in the Iranian Oil Industry Nationalization Act, he added, did not satisfy the requirements of international law.

What was before the Court, Sir Lionel Heald stressed, was not the general question of nationalization but the facts of a particular case, *viz.*, a particular act of expropriation which had been carried out contrary to an express undertaking in the Concession Agreement of 1933 not to nationalize the oil industry. The U. K. claimed, therefore, that one of her nationals, the Anglo-Iranian Oil Company, had been unfairly treated by another national (Iran) which was a claim underlying the vast majority of cases which came before the International Court.

Sir Lionel Heald likewise rejected the Iranian contention that the filing of a alternative British

claim after the beginning of the case had changed its nature; that Iran had the right to suspension of the Court's proceedings because the dispute had been referred to the Security Council (since the question before the Security Council dealt only with Iran's failure to comply with the interim order of the International Court of July 1951), and that the dispute related to a matter which, according to international law, fell exclusively within Iranian jurisdiction.

Dealing with the Iranian acceptance of the Court's general jurisdiction in 1932, the Attorney-General submitted that, while it covered disputes arising after its ratification, it referred to the application of treaties or conventions accepted by Iran at any time. The declaration had been one of a series of similar declarations made at that time by many States, and had been almost identical with many of them; since it had been clearly modelled on some of the others which did not restrict their application to future treaties, it must be assumed that its general meaning was the same. Nor could the Iranian law ratifying the Iranian Government's declaration be adduced by Iran in support of her interpretation, as this law was a purely domestic instrument which had never been communicated to other States and as only the public document communicated to the League of Nations and accepting general jurisdiction could have any relevance in the present issue. If the Court accepted the British interpretation of the 1932 declaration, the British case would

rely upon the treaties of 1857 and 1903 which provided for most favoured nation treatment in conjunction with the treaties signed by Iran with Denmark, Switzerland, and Turkey after 1932 which provided for treatment of their nationals in accordance with international law—a right thus accruing under the most-favoured-nation clause also to British nationals.

In further refuting the Iranian arguments, Sir Eric Beckett asserted that when Iran raised the question of whether the British had assented to nationalization, she had consented to the Court's jurisdiction and had argued the merits of the case.

The International Court of Justice concluded its hearings on the Anglo-Iranian oil dispute on the 23rd June, 1952. On the 22nd July, the Court delivered its judgment decided by 9 votes to 5 that it had no competence to deal with the Anglo-Iranian oil dispute, and declared at the same time that its interim order of the 5th July, 1951, indicating measures of protection pending a final decision, ceased to be operative.

The judgment said that in the present case the jurisdiction of the Court depended on the declarations accepting the compulsory jurisdiction of the Court made by Iran and Britain.

These declarations "contain the condition of reciprocity and as that of Iran is more limited, it is upon that declaration that," the judgment said,

"the Court has jurisdiction only when a dispute relates to the application of a treaty or convention accepted by Iran. But Iran maintains, that, according to the wording of the text, the jurisdiction is limited to treaties subsequent to the declaration. Britain maintains, on the contrary, that earlier treaties may also come into considerations."

In the view of the Court both conditions might, strictly speaking, be regarded as compatible with the text. But the Court could not base itself on a purely grammatical interpretation. It must seek the interpretation which is in harmony with a natural and reasonable way of reading the test, having due regard to the intentions of Iran at the time it formulated the declaration.

The Court said, "A natural and reasonable way of reading the text leads to the conclusion that only treaties subsequent to the ratification come into consideration. To reach an opposite couclusion, special and clearly established reasons would be required, which the U. K. was not able to produce."

"On the contrary, it may be admitted that Iran had special reasons for drafting her declaration in a very restricted manner and for excluding her earlier treaties," the court said.

"For, at that time, Iran had denounced all the treaties with other States relating to the regime of capitulations. She was uncertain as to

the legal effect of these unilateral denunciations. In such circumstances it is unlikely she would have been willing, on her own initiative, to agree to submit to the International Court disputes relating to all these treaties. The earlier treaties are those excluded by the declaration and the U. K. cannot rely on them", the judgment said.[1]

In his individual statement of opinion on the case, Sir Arnold MacNair of Britain, the Chairman of the Court, said giving reasons for the Court's decision: "Since the Court is without jurisdiction in the present case, I need not examine any arguments put forward by the Iranian Government against the admissibility of the claims of the United Kingdom Government.

The Court found "that the United Kingdom is not entitled to invoke any of the treaties concluded by Iran with other nations".

"The Court must conclude that the dispute brought before it by the United Kingdom is not one of those issues arising in regard to situations or facts relating directly or indirectly to an application of treaties or conventions accepted by Iran. Consequently, the Court cannot derive jurisdiction in the present case from terms of declarations ratified by Iran on September 19, 1932 (adhering to International Court of Justice)," the Court decision said[2].

1. P. I. T.—Reuter, The Hague, July 22, 1952.
2. U. P. A. and A. F. P., The Hague, July 22, 1952.

A spokesman of the Anglo-Iranian Oil Company stated later on the same day that the Company would continue to pursue its claims in every way open to it, and that it was now its intention to renew its application to the President of the International Court for the appointment of an arbitrator in accordance with the terms of the Concession Agreement. In the meantime the Company maintained its claim to be entitled to all crude oil and oil products derived from the area covered by its Concession.

In reply to questions, Mr. Churchill made a statement on the British Government's attitude in the House of Commons on the 23rd July, 1952.

"The Government," Mr. Churchill said, "have made it clear on many occasions that they regard products of the oil industry in South Iran as the property of the Anglo-Iranian Oil Company, and that all practical steps would be taken to prevent any attempt on the part of the Iranian Government to dispose of this oil in any manner to third parties. The fact that the International Court has ruled that it is not competent to adjudicate upon the claim which H. M. Government brought before it merely means that the Court cannot pronounce on the merits of the claim one way or the other. It does not in any way affect the validity of the claim, nor does it affect the undoubted right of the Government to continue to support one of its nationals—namely, the Anglo-Iranian Oil Company—in its attempts to secure satisfaction for the wrong it has suffered."

During the first week of August, announcements were published by the Anglo-Iranian Oil Company in the British and international Press reaffirming the Company's title to crude oil and oil products derived or to be derived from the area of its operations in Iran, and stating: "In these circumstances the Company remains confident that no oil company of repute, nor any tanker owners nor businessmen of standing, will countenance any direct or indirect participation in the unlawful actions of the Persian Government. Should, however, any concerns or individuals participate directly or indirectly in transactions affecting the crude oil and refined products concerned, this Company will take all such action as may be necessary to protect its rights in any country.[1]

V

A Note from the Iranian Government offering new negotiations with the former Anglo-Iranian Oil Company was received in London on the 7th August, 1952. Although the text was not officially published by the British Foreign Office, a summary was issued in Tehran which accused the former Company of causing serious losses to the Iranian economy by preventing the sale of Iranian oil to other buyers; demanded the payment of "tens of millions of pounds" which, it was alleged, the Company owed to Iran; asked also for the repayment of Iranian balances lying in British banks; and requested to British Government to prevent the A. I. O. C. from "taking

1. Keesings, p. 12,430.

unjust measures against the sale of Iranian oil". If those requests were met, the Note continued, the Iranian Government would be prepared to enter into new negotiations with the A.-I. O. C., "within the framework of the Nationalization Law of May 1, 1951," in order to "investigate the just claims of the Company and the reciprocal claims of the Iranian Government." Should these negotiations fail, the Company would be at liberty to take the dispute before the Iranian courts.[1]

Commenting on the Iranian Government's above-mentioned Note in *The New York Times*, Clifton Daniel wrote from London on the 10th August: "Statesmen and strategists in Washington and London are faced with a dilemma. Should they help the Iranian Premier, Dr. Mohammed Mossadegh, out of his troubles or let him drown in them?

"If they do not rescue him, will Iran go Communist? Is there any alternative to Dr. Mossadegh on one hand and Communism on the other?

"Apparently the British Government has not yet answered those questions in its own mind. It wants to consult first with the United States and the Anglo-Iranian Oil Company, whose expulsion from Iran brought the country to its present precarious state.

1. *Keesings*, p. 12,386.

"According to reports from Washington, the mind of the Administration there is more nearly made up. The State Department, advised by the Defence Department, is represented as believing that the Tudeh (Communist) party may take control unless financial aid is given quickly to Dr. Mossadegh.

"There will be an attempt by diplomatic officials this week to co-ordinate the views of the two capitals. The consultations probably will take place in Washington.

"What the two Governments must decide is whether to take up Dr. Mossadegh's offer of last Thursday to enter into new negotiations with Britain on the claims arising out of the nationalization of Anglo-Iranian's properties in Iran?

"Dr. Mossadegh demanded that the oil company hand over nearly £50,000,000 that it has been holding in a contingency account and that Britain cease blocking the sale of Iranian oil in world markets.

"In brief, he asked for money—in very considerable amounts. His note to Britain acknowledged, in the form of complaint, that Britain's determination to protect her interest in Iranian oil had impoverished his country.

"In addition to his demands for money and freedom to sell nationalized oil, Dr. Mossadegh proposed to enter into negotiations with the oil

company not the British Government for a settlement of its claims and Iran's counter-claims.

"Although that basis for negotiations is manifestly unacceptable to Britain and has been rejected before, the British Government now has to consider whether negotiations on any basis would not be preferable to national bankruptcy in Iran and whether Dr. Mossadegh's offer might not open the way for discussions on a broader basis.

"It is worth noting that although the Iranian Premier's proposal was in itself unacceptable, it was not rejected out of hand by the British Cabinet last week but submitted to further intensive study.

"For Britain a decision to enter into negotiations with Dr. Mossadegh's Government on the basis suggested would be difficult. Questions of pride and principle as well as hard cash are involved."[1]

A London report on the same Note issued by Reuter on the 21st August said: "British Ministers who have been in close touch with U. S. opinion in the past fortnight are known to be conscious that some move is urgently needed to redress Persia's grave economic situation.

"The danger that this may be exploited by the Communist Tudeh Party has been brought

1. *The New York Times*, August 11, 1952

home to British opinion by the past month's disturbances in Tehran......"

On the 30th August the Three-Point joint proposals were made personally by President Truman and Mr. Churchill to Dr. Mossadegh offering, among other things, a grant of $ 10 million to Iran by the U. S. A.

The proposals in summary were :

1. Submission to the World Court of the question of compensation to be paid to the A.-I. O. C. (Anglo-Iranian Oil Company) for the property in Iran nationalized 18 months ago. The claims and counter-claims of both Iran and the A.-I. O. C. to be fully considered.

2. Appointment of "suitable representatives" by the Iranian Government and the A.-I. O. C. to negotiate "arrangements for the flow of oil from Iran to world markets."

3. If the Iranian Covernment accepted the first two points, it was proposed that:

(*a*) the A.-I. O. C. would release for immediate sale $20 million to 30 million worth of oil now held in Iran by a kind of a legal blockade;

(*b*) Britain would relax restrictions on exports to Iran and on Iran's use of British sterling; and

(*c*) the U.S.A. "would make an immediate grant of $10 million to the Iranian

Government to assist in its budgetary problem."

This offer accepted Iran's ownership of the oil industry in the country, and demanded only that compensation be paid to the A.-I. O. C.[1]

The Iranian Majlis discussed the Truman-Churchill proposals on the 16th September when Dr. Mossadegh put forward his 'counter-proposals' for resolving the oil dispute with Britain. The terms were adopted by the Majlis in a unanimous vote of confidence.

The Premier set out his counter-proposals as under :

"First, my Covernment is extremely desirous that the existing disputes or differences should be resolved as soon as possible so that, through understanding, both the nations may enjoy the fruits of their co-operation and assistance. I desire that this friction should end and that, without regard to the past, both the nations should play their role to maintain world peace.

"Second, the Iranian courts, which after The Hague Court ruling are the sole bodies to examine the claims of the former Company, are prepared to investigate the complaints of the former Company and to deliver judgment.

"Third, if the said Company does not want to submit its claims to the said legal bodies, my

1. P. T. I.—Reuter, Tehran, August 30, 1952.

Government is prepared to accept for the following issues the judgment of the International Court of Justice at The Hague after the agreement has been reached :

(*a*) "Determination of the extent and the payment by instalment of compensation for the properties the Company had in Iran at the time of the nationalization of oil industry on the basis of any law applied for the nationalization of industries in one of the countries and which is acceptable to the former Company. This is the sole compensation which the Iranian Government will pay to the former Company. The Company will have no other claims to compensation.

(*b*) "Examination of the claims and differences of the parties from 1933 to the end of 1947 on the basis of the imposed 1933 Agreement, and from the beginning of 1948 to the 30th April, 1951 in accordance with the Law of Oil Nationalization dated 30th April, on the basis of the imposed 1933 Agreement and the Gass-Gulshayan Supplemental Agreement which the former Company has accepted and signed and which the Iranian Government and Majlis did not consider sufficient to restore the rights of the Iranian nation. The reliance on the 1933 and the Gass-Gulshayan Agreement is only for the settlement of differences of the parties and that, too, for the aforesaid stipulated period. From the date of the approval of the Oil Nationalization Law, neither of these two agreements can in any way be utilized or relied upon by either of the parties.

(*c*) "The prior and part payment of £49,000, 000 which the Company in its 1950 Balance-Sheet has put to the reserve fund being the increased royalties, taxes and the share of Iran. Of this sum, any amount which refers to royalties and taxes because they are guaranteed on the basis of gold, must be paid as transferable in dollars. Although the above sum is the estabished dues of the Company to the Iranian Government, the Government in order to show its extreme goodwill, accepts that if the International Court of Justice did not consider whole or part of the sum as Iran's right, that sum would be considered as a debt of the Iranian Government in the same form as it has been received."

Dr. Mossadegh hoped that the counter-proposals combined with the goodwill of the parties, would lead to the early solution of the oil dispute. "The attitude of the British Government would indisputably be unfriendly if that Government continued its economic pressure by despatch of fruitless notes and blocked the sale of oil. The aim of diplomatic relations between the two countries is to maintain mutual interests, create cordial ties and reciprocal goodwill. In the present circumstances no purpose will be served by continuing diplomatic relations between the two parties. Therefore, the Iranian Government gives itself the right to preserve its interests and to resort to any action, even the severance of diplomatic relations. Of course, the responsibility for such consequences

would rest on the British Government," the Prime Minister concluded.

Deputy Speaker, Ahmad Razavi, sharply attacked the United States for associating herself with the offer and the grant of $10 million. He said, "The Americans are shedding tears over us. But Mr. Truman, we gave you a cheque for $10,000,000 for scrap iron." This referred to the purchase by Iran of war surplus equipment after the evacuation of American forces from this country.

Razavi contended that Iran had never got anything out of oil. Oil had been used to fill the pockets of European capitalists. He said that the American interference in the oil dispute was most unpleasant. "If there is a dispute between Texas oil companies, will the chief of the Iranian Government send a message to the Government of the United States? If the Americans are acting as mediators, they should not intervene in our affairs. What after all is a sum of $ 10 million; it would not pay our current expenses. We, who have put up with hardships for months, can pull on for two or three weeks more," he added.

Continuing Razavi said: "The Iranian people do not want their oil to be used for Western European armaments against their friends. If the Soviet Government and her allies send tankers, by all means we will give them oil. We will preserve our neutrality at all costs. We will not permit our roads or air fields to be used by

any Power against the Soviet Union. We are sick and tired of American arms which gets distributed among the tribes (cheers). Our ignorant Government have done this. I do not understand why Dr. Mossadegh does not put an end to it. If Truman wants Iran to be like Turkey, we will under no circumstances allow our country to be used as a bastion against the Soviet Union (cheers) with whom we have 1500 kilometers of common borders. We will not be tools of American statesmen. We will be on our guard. We will not by instruments of imperialistic policy[1]."

Dr. Mossadegh's counter-proposals for the settlement of the oil dispute were finalised on the 24th September for submission to the British and the United States Governments. On the following day (25th September), a 3000-word Iranian message addressed to Mr. Churchill and Mr. Truman was issued from Tehran making the offer valid for ten days from the date of delivery—until Saturday, the 4th October, 1952.

The message insisted on settlement between the Iranian Government and the Oil Company as distinct from the British Government.

Dr. Mossadegh's message opened by rejecting the joint Anglo-American proposals for settlement of the Anglo-Iranian oil dispute submitted to him on August 30.

1. An extract from Kazem Zarnegar's 'Tehran Newsletter' in *Dawn*, Karachi, September 23, 1952.

Listed reasons for rejecting the Anglo-American proposals included:

1. The proposals are an attempt to revive the "invalid" Oil Concession Agreement of 1933.

"These," Dr. Mossadegh said, "like previous proposals, are inconsistent with the laws of nationalization of the oil industry."

He said that the failure to reach agreement with Britain on the oil dispute up to now, despite Iranian goodwill, had been due to Britain's wish to retain the influence of the Anglo-Iranian Oil Company in Iran under another name.

He added that the latest proposals "attempt to convert the oil question, which is an internal affair, and which had been confirmed as such by the decision of The Hague Court, into a dispute between two Governments by the signing of an agreement."

2. A refusal to agree to a judgment on the compensation question at The Hague Court between two Governments.

Dr. Mossadegh maintained that the issue lies between the Iranian Government and the Oil Company.

Stating a general willingness to pay compensation for the property of the Oil Company at the time of nationalization last year, the Iranian Premier stated: "My Government has always been prepared to enter into negotiations with due

regard to the claims of both parties and to find a just and equitable solution."

3. A refusal to agree to "monopoly" purchase of oil from Iran by any one oil company.

Dr. Mossadegh also criticised the Anglo-American proposals on the grounds that they admitted that British restrictions on the export of oil and "use of sterling funds by Iran" were a means of economic pressure on Iran. He said: "It is neither friendly nor equitable to make the removal of illegal restrictions contingent on the acceptance of certain terms."

Listing his positive proposals Dr. Mossadegh maintained that "Iranian courts are the only competent channel for investigation of former Company's claims." But he said that in order to show "complete goodwill" Iran would agree to the judgment of the International Court provided that: (1) a verdict was issued within six months; (2) the issue was raised between the Iranian Government and the Oil Company and that there was "no Company" and that there was "no illusion that such action recognises the existence of a dispute between two Governments." (3) Agreement was reached on four conditions governing compensation, the basis of the examination of claims, the determination of damages and advance payments on account.

Dr. Mossadegh said Iran would also take to The Hague Court a case against the British Government for losses caused through Britain's

attempt to support the Anglo-Iranian Oil Company by creating "various difficulties and obstacles" and imposing restrictions on exports and the use of sterling.

On compensation Dr. Mossadegh offered to pay compensation for property belonging to A.-I. O. C. at the time of nationalization by instalments and by methods based on the law used by "any country" for nationalizing its industries in similar circumstances which may be agreed by the A.-I. O. C.

"This is the only compensation which the Iranian Government will pay to the former company and the former company will have no right to make any further claims whatsoever," the statement said.

Dr. Mossadegh offered to accept any one of three bases for the examination of claims of both parties selected by the International Court and recognised by it as fair. These were:

1. The D'Arcy Agreement of 1919 with due regard to income-tax which Iran "should have received in accordance with the country's enacted laws." This offer covers only the period up to the date of nationalization given as April 30, 1951.

2. The 1933 concession agreement for the period from 1933 to the end of 1947 and the supplemental agreement of 1948 (not ratified by Iran) for the period from 1948 to April 30, 1951.

3. "The fairest concession agreements of other oil producing countries in the world where the cost of producing oil is not cheaper than the cost of producing Iranian oil during a corresponding period."

Dr. Mossadegh said that he would claim damages for losses caused to Iran by the A.-I.O.C. through prevention of the sale of oil and delay in payment of funds which are "definitely debts owed by the Company".

The Iranian Premier claimed advance payment on account of 49 million sterling earmarked in the A.-I. O. C. balance-sheet for 1950 for royalties, taxes and dividends due to Iran from reserves.

He stated that from this the amount due for tax and royalties "as it was guaranteed on a gold basis must be paid in sterling convertible into dollars."

He said that should The Hague Court later consider that any or all of these sums were not due to Iran, the Iranian Government would regard them as a debt to A.-I.O.C. payable in oil.

Dr. Mossadegh gave two reasons for the decision to nationalize Iranian oil.

1. To eradicate foreign influence and agents.

2. To improve economic conditions. Stating his case against British influence in Iran due to

the development of the oil business Dr. Mossadegh referred to "the cruel occupation of Iran during the last war."

He said that British Foreign Secretary Anthony Eden once admitted in the Cabinet that Britain's attitude towards Iran "was not just and should be changed".

He said unfortunately this never happened.

Dr. Mossadegh complained that Britain had "wrongfully" carried the dispute to the Security Council and The Hague Court and said that even though it had "been proved in both places" that Iran was justified, Britain was unwilling to abandon her old attitude so that a settlement could be reached.

Maintaining that nationalization was decided on to prevent exploitation by the Oil Company, Dr. Mossadegh said it did not even honour the terms of the D'Arcy Concession and the 1933 Agreement.[1]

Britain, in agreement with the U. S. A., gave her reply to Dr. Mossadegh's above proposals in a note delivered on the 5th October in Tehran by Mr. George Middleton, British Charge d'Affaires.

The British reply came after a week's intense consultations with the U. S. A. Britain still felt that the joint Churchill-Truman proposals offered a suitable basis for discussion possibly with modi-

1. Reuter, London, September 26, 1952.

fications to meet some of Dr. Mossadegh's objections.

There was no official indication of immediate alternative proposals to Dr. Mossadegh in the British Note.

Meanwhile authoritative sources in Tehran said that Prime Minister Mossadegh would definitely break off relations with Britain if his counter-proposals on the oil crisis were not accepted.

In the light of the above Note, however, on the 7th October, 1952, Dr. Mossadegh made a fresh offer to Britain for a settlement of the dispute, demanding a lump sum of £ 20 million and inviting the former Anglo-Iranian Oil Company to send a mission to Tehran "within the next week to negotiate a settlement." In a separate Note to the U. S. Secretary of State, Mr. Acheson, he said he was certain that U. S. A. would agree that a prompt settlement of the dispute "would be a great and important contribution to ensuring the peace and public security of one of the sensitive areas of the world."

The following is the text of Dr. Mossadegh's Note to the British Foreign Secretary, Mr. Anthony Eden :

"Your Note dated the 5th October, 1952 concerning complete recognition of the action of the Iranian Government in nationalizing its oil industry, and stating that there is no intention

to revive the invalid 1933 Concession Agreement, nor to interfere in the administration of the Iranian Oil Industry and recognition of the Iranian Government's freedom to sell its oil products, was handed to me by the British Charge d'Affaires in Tehran.

"With due regard to the fact that the contents of the message in question in the above-mentioned parts are in accordance with the incontestable rights of the Iranian nation, I take cognizance of the foregoing and at the same time regret that in this message, which was in answer to my message of 2nd Mehr, 1331 (24th September, 1952), you made no reference to the counter-proposals dated 2nd Mehr, 1331 (24th September, 1952). I deem it necessary to inform you again that the object of my counter-proposals was to avoid procrastination and to show an equitable way of investigating the claims of the former Oil Company and the counter-claims of the Iranian Government.

"Now I once again with the same object in view declare my readiness for discussion and settlement of this question. In order that the dispute may be definitely and clearly disposed of as soon as possible, representatives of the former A.-I. O. C., invested with full powers, are invited to leave for Tehran within a week as from today's date, for the purpose of necessary discussions within the limits of the Iranian Government's counter-proposals. Taking into consideration the

several years' delay by the former Company in paying its debts to the Iranian Government as well as the Iranian Government's need for immediate aid, before the departure of its representatives for Iran, the former Oil Company should put at the disposal of the Iranian Ministry of Finance the sum of £ 20 million convertible into dollars, out of the £ 49 million mentioned in Article 4 of my counter-proposals dated the 2nd Mehr, 1331 (24th September, 1952). The remainder of the above-mentioned sum should be placed to the credit of the Iranian Government at the end of negotiations, for which a maximum period of three weeks is envisaged.

"In conclusion it is expected that the extreme goodwill of the Iranian Government towards a just solution of the dispute which has been reaffirmed in this note, will be well received and made use of. Your Excellency's attention is particularly drawn to the point that the Iranian Government has always indicated the serious consequences of elongation and delay in reaching a quick and definitive solution of the differences. I once again remind you of the impossibility of the continuation of this state of affairs and state that the responsibility of any eventuality which may arise out of pursuit of this policy will not be directed towards the Iranian Government." [1]

In reply to the above Iranian Note, Britain issued another Note on the 14th October, telling

1. Prime Minister's Report, Tehran, October 1952.

Dr. Mossadegh that his proposals for a settlement of the 18-month-old dispute were "unreasonable and acceptable." The Note said that Britain could not admit that Iran had any claim against the Company for Iran's failure to sell oil abroad. The Company had merely exercised its legal rights in regard to oil they regarded as theirs.

On the claim for £ 49 million, the Note said that the supplemental agreement, which provided for the payment of this sum, was rejected by Iran.

The supplemental agreement would have entitled Iran to considerable extra payments for the Company. There would have been increases in the tonnage royalty and in the annual payments in respect of Iranian taxation.

By bringing forward the date of payment and by altering the method of assessment, the Iranian Government would have been ensured of a greater, more certain and more immediate benefit.

The rejection of the agreement made the Iranian demand for the £ 49 million "fictitious", the Note said.

It also pointed out that Iran's request for £ 20 million of the sum convertible in dollars, was an absolutely new demand. Britain was not prepared to entertain this request.

The Note concluded that the British Govern-

ment wished to make six points "abundantly clear" :—

1. The British Government and the Company accepted nationalization but in return the Government claimed just compensation on behalf of the Company.

2. Compensation should be decided by the International Court of Justice at The Hague.

3. The Government claimed compensation for the illegal ending of the 1933 Concession.

4. Neither the Government nor the Company sought to revive the Concession in any other respect.

5. Immediately after an agreement was reached on the basis for adjudication of compensation, the Company would be ready to open negotiations. Neither the Government nor the Company sought a monopoly over purchase of Iranian oil.

6. Pending agreement on the basis of adjudication, the Government on its own and the Company's behalf reserved full legal rights.[1]

At this stage, Dr. Mossadegh reviewed the situation before the Majlis in the light of the above British reply, and recommended the cessation of diplomatic relations with Britain, emphasising that "the rupture of diplomatic relations between the two Governments does not involve

1. P.T.I.—Reuter, October 15, 1952.

a rupture in the friendly relations of the two nations." [1]

On the following day (October 15, 1952), Dr. Mossadegh prepared a report for submission to the Majlis on the 16th October, but since the quorum was not formed, it was broadcast over Tehran radio for general information. Dr. Mossadegh said:

[2]"The Honourable Members are aware that the Iranian national movement was from the beginning encountered with intrigues and provocations of the former Company and the British Government from outside the country as well as from within.

"These wrongful recourses and attempts, which were the source of extreme difficulties for us, were at the same time prejudicial to their prestige: since each attempt discovered a new phase of the cruel behaviour of the strong and exhibited more and more the outlook of their imperialistic policy. The Honourable Members will, with brief deliberation, recall that from 29th of Isfand, 1329 up to the present day, a period of 19 months after the adoption of the first decision by Majlis in this connection, what obstacles have they created in the course of our success and to what an extent have they expanded provocation and chaos for their purposes of profiteering.

1. Reports—*op cit.* p. 36
2. Translation not guaranteed.

"Following the nationalization of the oil industry in Iran by the approval of the two Houses of Parliament, and when the Iranian nation achieved its goal, the British Government, in order to prevent the implementation of the law, tried at first to intimidate us and, contrary to the concepts of friendship, of which that Government constantly professed, they threatened the peaceful Iranian nation for having benefited from one of its primary rights by H.M.S. *Mauritius* and H.M.S. *Flamingo*, and their troops and marine and air forces concentrated far from and near the Iranian borders.

"The Iranian nation, being prepared, for the achievement of its national goal, to undergo all sorts of difficulties and surmount all kinds of ordeals, had no fear from such threats, for it well knew that the possibility of Great Powers making aggressions is extinct with the consciousness of those nations which have tasted for centuries the bitterness of being deprived of freedom and justice: and, with the formation of the Charter of the United Nations and other international treaties, lest the Great Powers should want to kindle World War III under some pretext, a hideous crime which, I think, no nation would be willing to undertake its responsibility.

"The British Government, following the failure of its threats by the resistance of the Iranian nation, conceived of some other means: when it made no profit from exhibition of power, it took

the guise of a victim, making assiduous attempts at presenting the Iranian nation as usurpers and encroachers upon the rights of other nations. The British Government made use in this connection of all available means, including the outcome of the toils of the barefoot, hungry Iranian nation, an undeserved treasure placed at their disposal, a part of which was confined for propaganda and the Press in certain countries.

"The former Company, likewise, did not hesitate to endeavour, with the aid of the power and sufficient financial credit treasured for it by plundering the wealth of the Iranian nation, to crush the Iranian national movement from within and to prevent its reaction outside the country.

"Though under no pretext were they entitled to interfere in this matter, to such an extent did the British Government support the intrigues and devices of the former Company that they brought the dispute between the Iranian Government and a foreign greedy company before the Security Council, as if it were an inter-state dispute. In the course of this amazing historic struggle, the consciousness of the courageous Iranian nation, while nullifying all foreign attempts to create an abyss in the country, enabled the Government representing the people to bring to the attention of the peoples of the world, despite material inabilities, the cruelties of the former Company and its corrupt effects which had influenced all aspects of our social status.

"Deliberations in the Security Council resulted in that, pending the final decision of the International Court of Justice in respect of its competence, discussions in the Council should be suspended and the matter should rest. Not only did the British Government not profit from the measure it took, but the cruelties of the former Company and the wrongful interferences of the British Government became evident to the whole world through the very measure, and no doubt was left in the Council as to the rightfulness of Iran. And this was so evident that among the members of the Security Council, all of whom are learned and informed in the principles of international law, there was none who did not admit that the action of the Iranian people in nationalizing their oil industry was one which every sovereign nation is entitled to take within its sovereignty.

"It must not be consigned to oblivion that the British Government, during the implementation of the Expropriation Law, succeeded through falsification to obtain an Order from the Court indicating "interim measures of protection." The British Government confused the world public opinion by this Order that Iran is indifferent to regulations and treaties. But, being certain of our clear rightfulness, and feeling confident of the justness and the scope of vision of the judges of the International Court of Justice, we did not hesitate, in order to put an end to such propaganda, to appear before the Court and object to its competence; the result being the pronunciation of incompetence

on the part of the Court, once again forcing the British Government to face defeat, leaving no other recourse for the former Company other than referring to Iranian tribunals to institute any proceeding.

"Another weapon now in their hands is the financial and economic restrictions which they have been, and are, using with all their forces from the very beginning of the dispute to date. This is obvious aggression which the British Government, indifferent to international law and the Charter of the United Nations, have admitted in their formal message of 8th Shahrivar, 1331 (August 30, 1952).

"Their intention of economic pressure and financial restriction such as withholding funds and holdings of the Iranian Government, complying with no law whatsoever, is to lead the people of this country to a life of austerity and misery, thus preparing the background for provocation of their agents in Iran, possibly enabling themselves to restore, at the opportune moment, the former situation. Whereas this hope, when confronted with the awakened and conscious people of Iran, amounts to nothing but a dream and these wrongful recourses are but motions of agony since our heroic nation is well aware that life without freedom and indepence has got no meaning.

"This is not, however, the first time that the Iranian nation is caught within the claws of such difficulties and encumbrances. Our ancient nation

has, in the course of its glorious history, encountered many an event as such and has suffered on many an occasion.

"God Almighty has endowed us with an invincible force to resist and keep patience against obstructions. Envisaging in this tempestuous life the overture of halcyon days, we have accepted it, as our old national custom dictates, with calmness and tranquillity, and shall continue the long, difficult way toward our sublime goal, depending upon God Almighty. We entertain no doubt that having gone a great distance this way, the clear horizon will soon appear.

"The Iranian nation has been instructed by the Sacred Doctrine of Islam, hence it considers its religious duty to remain patient before calamities, particularly so when the safeguard of national fame and the defence of the country's honour are at stake.

"Had the British Government believed in international regulations and the principles laid in the Charter of the United Nations, they would have appreciated the Iranian Government's proposals and would have gladly accepted them, thus extinguishing the flame kindled for long by a profiteering company. They would particularly have done so because the Iranian Government have, in their proposals, agreed to indemnify the Company for its property in Iran on the basis of laws enacted in Great Britain herself, or any other law enacted in any other country in this

connection and which law is considered useful by the former Company in respect of its interests, and have also agreed to leave the adjudication of the matter to a tribunal the judges of which are to be selected from other countries and their impartially is not in question. But the British Government did not heed this goodwill, and confined their attempts, in order to crush our national movement, to play with time by elongation and procrastination, and thus force our nation to lose their last economic resource and submit to their parsimoniousness.

"The Iranian Government, without abandoning the exploitation of their oil resources, are determined to start economic and financial reforms regardless of the oil revenues and maintain to balance their budget on the basis of current and definite revenues. The Government is confident that the nation and the members of the two Houses will give their utmost support for the carrying out of this programme.

"Having concluded the introductory part of my speech, I now submit the actions taken following my last report of 25th Shahrivar, 1331 (September 16, 1952) to Majlis.

"I explicitly stated, in the course of the said report, that diplomatic relation between States is a means for the maintenance of friendship and mutual co-operation. Should this result remain unobtainable and should this relation lead to the maintenance of the interests and parsimonies of

one party, it will be advisable to put an end to increasing provocations and wrongful recourses by breaking off relations.

"When the latest report was submitted to Majlis, I informed the Honourable Members that should the British Government continue the practice of its present policy, it will prove that its relations are not friendly with us and, and as it is, the Iranian nation has no recourse other than breaking off its diplomatic relations with the British Government.

"The counter-proposals of the Government, which were prepared with extreme goodwill, had left open the negotiations, and the concessions made by Iran were to the extent that the Iranian Government had agreed to accept, with certain conditions, the jurisdiction of the International Court of Justice, which had pronounced itself incompetent. But, as the Honourable Members will observe, this latest proposal of the Iranian Government was, as usual, not heeded to and thus, brought no results."

* * *

Thus Iran's 100-year-old diplomatic relations with Britain ended on the afternoon of the 22nd October, 1952, when the Iranian Ministry of Foreign Affairs handed over the following Note to Mr. George Middleton, the British Charge d'Affaires in Tehran :

Monsieur le Charge d'Affaires,

"I have the honour to inform you of the decision of the Imperial Iranian Government to break off diplomatic relations with Her Britannic Majesty's Government. The Iranian Government much regret that they have been compelled to adopt this decision.

"In the course of the dispute with the former Oil Company, my Government have constantly endeavoured to prevent the dispute from impairing the friendly relations between the two Governments, and are of the opinion that had the British Government taken into account, with due regard to equitability and friendship, the purpose of the Iranian nation and Government which solely consisted in recovering their despoiled rights, the relations between the two Governments would never have reached the present stage.

"Unfortunately, however, in this matter which is of vital importance to our people, your Government not only did not help to bring about a settlement of the dispute but by giving illegal protection to the former Company, prevented the attainment of an agreement. Furthermore, certain officials of that Government procured difficulties, by means of provocations and unjustified interferences, for the purpose of disturbing the country's peace and tranquillity.

"The Imperial Government of Iran hope that Her Britannic Majesty's Government, realizing the truth and the nature of the Iranian nation's

movement, will revise their attitude. Should such a favourable atmosphere and good understanding be produced, the Iranian Government, being always desirous of maintaining good relations between the two Governments, will take, with great pleasure, measures to resume diplomatic relations.

"In conclusion, I should like to inform you that the members of the Imperial Embassy in London have been instructed to leave for Tehran within a week from October 22, 1952.

"Please accept the assurance of my high consideration.

Dr. HOSSEIN FATEMI,
Minister for Foreign Affairs."

XII

EPILOGUE

ON Saturday, November 1, 1952, the last batch of the British Embassy staff consisting of 27 men and 7 women left Tehran shortly before dawn in a motorcade of 30 cars and trucks including 2 truckloads of armed police acting as escort. The British Charge d'Affaires, Mr. George Middleton, and his wife were also among the party. A large blue envelope containing Premier Mossadegh's message to the British nation was proferred to Mr. Middleton by Assistant Foreign Minister Hossein Meftah, but was refused by the British diplomat saying: "I am sorry, I cannot take it." The text of this undelivered letter read as follows:

Tehran,
October 30, 1952.

Dear Mr. Middleton,

"Now that you and your colleagues are homebound and your sojourn in Iran is a matter of days, I would like to send through you a message to your countrymen, with the hope that they may become acquainted with the facts as they stand, that in the course of our compaign of the late eighteen months the Iranians have con-

stantly endeavoured to employ all the means in their power to prevent any flaw from appearing in the friendly relations of long duration between the two nations. It is with this hope and expectation that I would like to present in a summary form the facts concerning the developments of the late nineteen months in Iran, which have, undoubtedly, been concealed from the British people by the activities of the former Company. My Government also did its best to find an equitable solution for the oil dispute through amicable negotiations, so as to remove the clouds of suspicion and pessimism—which have darkened the horizon of the relation between the two States, created for so many years through the covetousness of a profit-seeking company—and make prevalent an atmosphere of mutual confidence and concurrent sincerity and open a new chapter in the diplomatic relations of Iran and the United Kingdom.

"The valuable time which, of necessity, must have been employed for the introduction of internal reforms was wasted by the continuation of futile negotiations with various missions and the exchange of notes during the last nineteen months. However, it brought about this result that when, to our great regret, the diplomatic relations between the two States have reached the present stage, the Government and the people of Iran can easily demonstrate to the world that from the very beginning they have been desiring with utmost goodwill to come to a settlement

of the oil dispute, and that they have spared no efforts in the fulfilment of this object. While, on the contrary, the covetous Company, who was conscious of the fact that it enjoyed full protection of the British Government as far as its illegal expectations and desires were concerned, took resort in threats and "philippinas" and brought the dispute before international tribunals which were not regarded as competent to give it hearing.

Furthermore, following a policy of procrastination to derive a benefit from the time element in preparing the ground for the collapse of the Iranian people, it deliberately caused the failure of the various oil missions: and with false propaganda, financed out of the pillage of the resources of the poor Iranians, it spread the rumours, even in the remotest parts of the world, that the Government and people of Iran are not prepared to arrive at a settlement of the oil dispute. This undesirable policy, on the part of the former Company, was continued; and the United Kingdom Government went to such extremes in extending their protection of the fictitious and illegitimate claims of the former Company that all the principles of amicable relations were put aside on the shelf of oblivion; and, through taking resort in internal intrigues and machinations supplemented by financial pressure and unreasonable economic restrictions, left no one in doubt that the principles of amicable relations which ought to thrive amongst the

various members of the United Nations Organisation were ignored and trampled by the United Kingdom Government through "economic punishment of its own creations", while the Iranian Government bore stoically this aggression upon its rights for months without showing any reaction.

"It is needless to point out to those who are acquainted with the story of this adventure that the British Government established a dictatorial regime in Iran for the sole purpose of safeguarding its illegitimate interests. The second step taken by the British Government was to impose a new agreement in 1933 upon the Iranian people through the instrumentality of the regime of its own creation, while invoking the original D'Archy Concession which had never received the sanction of the Iranian Parliament. Besides its potential economic defects which were detrimental to our interests the imposed 1933 Agreement endangered our political integrity and independence by allowing the former Company to unduly interfere in our social and political affairs.

"During the fifty years of operations in Iran the former Company, while exploiting our oil resources which have meant to it revenues amounting to hundreds of millions of pounds, has not even acted for a single day as a commercial enterprise free from politics; but on the contrary, it has had a finger in every pie of corruption which we have witnessed in Iran during the last fifty years.

"Taking the recent world developments in due consideration as regards the self-determinations of nations, the Iranians could no longer tolerate the behaviour of the former Company; and the best interests of the nation demanded an immediate change of the situation which manifested itself through the nationalisation of the oil industry throughout the country. In other words, the Iranian availed themselves of the birthright of any free and independent nation. Many other countries and particularly the United Kingdom have availed themselves of the right to nationalise their industries.

"Notwithstanding the fact that the Iranian Government were within their established rights to nationalise the oil industry, yet the United Kingdom Government from the outset took measures, inside and outside of Iran, meant for the protection of the unlawful interests of the former Company, which were contrary to the spirit of friendship between the two Governments. Subsequent to the very rigid and unlawful fight against our national sentiments and aspirations, they finally had no alternative but to recognise the undeniable right of the Iranian nation to nationalise their oil industry. The Iranians consequently expected the British Government to abide by its recognition of the principle of nationalisation and act accordingly. The Iranian Government also did its best to take into consideration the British interests in

so far as they were not in contrast with the provisions of the Oil Nationalisation Law, and bestowed great effort to demonstrate their goodwill. For example, we were prepared to allow the former Company to export any amount of oil it desired against receipts for what were to be shipped, the price of which to be taken into account when the compensation claims were to be settled. But the former Company did not show any willingness to agree with this proposal. The second proposal which was made by the Iranian Government to the former Company relative to the continuation of services of its technical staff according to their existing contracts, was also rejected. Since the British technical staff were not willing to work for the Iranian National Oil Company, the Iranian Government could not pay them their salaries and hence their dismissal was forced upon us by the circumstances.

"The British Government transformed the dispute between the former Oil Company and the Iranian Government into an inter-state dispute; and a case which logically should have received a hearing in the Iranian Tribunals, was brought before the Security Council. Having faced disappointment, the British Government referred the case to the International Court of Justice; but there also no positive result was obtained and even the British Member of the Court, Sir Arnold Duncan MacNair also took sides with Iran. At this juncture I deem it necessary to thank him for his fairness and impartiality.

Justice filed a plea with the said Court to appoint an arbitrator, but again the reply was in the negative.

"It was our expectation that the British Government after so many unfriendly actions would change its policy towards Iran, but to our regret, it pursued the same course.

"In order to settle the differences the Iranian Government showed its readiness to pay compensation to the former Company in accordance with nationalisation laws enacted in Great Britain or according to laws of any country which the former Company may prefer to choose; and in order to show its utmost goodwill the Iranian Government, as an exception, refrained from referring the said case to the Iranian Tribunals which were the only competent courts to deal with it and agreed to submit the case to the jurisdiction of the International Court of Justice. This proposal was also rejected. Finally, the Iranian Government requested an advance payment of £20,000,000 (gold guaranteed and convertible into dollars) out of the £49,000,000 which the former Company incontestably owes to Iran according to its own published Balance Sheets so that the existing economic tension in Iran may be somewhat ameliorated but this proposal was also rejected.

"It may be explained that £20,000,000 the immediate payment of which has been requested

"The former Company not being convinced with the decision of the International Court of is part of the share of the Government of Iran from the general reserve fund of the former Company in accordance with the 1951 Balance Sheet and the imposed 1933 Concession Agreement. The general reserve fund of the former Company according to the 1951 Balance Sheet, amounted to £110,500,000, of which £81,000,000 are credited to general reserve funds and the remaining £29,500,000 have been included in the £49,500,000. Therefore the twenty per cent Iranian share, on the basis of the imposed 1933 Agreement, from the total of £110,500,000 of general reserve fund amount to £22,100,000, which is immediately due on account of the nationalisation of the Oil Industry. From this total £20 million have been requested on account.

"Meanwhile, as mentioned above, the British Government, besides raising other difficulties, did not refrain from supporting the unlawful interests of the former Company by bringing financial and economic pressure on the people of Iran, through prevention of the sale of Iranian oil in world markets and even by refusing to release Iranian sterling holdings in British Banks.

" Finally, in the note sent by H.E. Anthony Eden, the British Secretary for Foreign Affairs, on October 14, 1952, to me in reply to the proposals of the Iranian Government, the intentions of your Government were disclosed.

"It was made clear that the British Secretary for Foreign Affairs demanded compensation for profits that would have accrued to the former Company, had the Company continued its activities of plundering the wealth of this country.

"Industries are nationalised, evidently, to remove private profiteering and to pass on the proceeds of nationalisation, exclusively, to the public treasury. The British Government, according to the latest note intends clearly to revive the 1933 Agreement in another form, for instead of limiting their compensation claims to the properties and installations of the former Company in Iran, they demanded such payment of compensation as would cover all unlawful profits supposed to ensue from that Agreement.

"The receipt of this recent Note left no doubt in the minds of impartial observers that the British Government, besides unfriendly measures so far taken, do not wish to revise their policy in the smallest degree, but wish to carry on their unfriendly policy contrary to the aspirations of the two nations.

"These steps compelled the Government of Iran to sever diplomatic relations with the British Government, and to leave the resumption of relations to such time as the British Government may care to revise their policy, with regard to world developments and the awakening of the people of Iran and with due consideration for the principles of justice and equity.

"The Iranian Government explicitly declares that sincere and friendly relations between the people of Iran and Great Britain shall continue to stand on their firm foundations. For this reason now that the last members of the diplomatic staff of the British Empire are leaving the Iranian Capital, no difficulties are created for British nationals whether merchants or travellers.

"I am sure, if some day the books and records of the former Company are opened before the eyes of the truth-loving people of Great Britain, and they are given opportunity to see the interference, injustice, intrigues, political manoeuvres, and plunderous activities of the former Company, they will no doubt admire the patience and fortitude of our people. But the black curtain of unjust propaganda that the former Company carries on in Great Britain and elsewhere prevents the spread of truth, and this has once more proved that the power of money still mocks at truth and justice in the twentieth century. But our people shall continue their manly struggle until the majority of the people of Great Britain shall arrive at the impartial judgment of Sir Arnold Duncan MacNair and shall hear and read lines from what he read and heard."

On precisely the same day—November 1, 1952—the Iranian Association "For Fight Against Colonialism" summoned the Iranian people "to work for the explusion of the American colonisers now that British diplomats have left Iran". The

manifesto accused American of organising a spy-ring through Point-Four Plan[1]. Thus, while Iran today still faces the difficult problem of the marketing of her oil and reconstruction of her economy, statesmen in Washington and London are getting rather nervous over the problem of Iran falling to chaos and the Communists. That the danger to Western strategy in Iran is "real and imminent", is the general view expressed by the American press today. An example of such expression is reproduced herewith from *U.S. News and World Report*, Washington, August 22, 1952 :

"Strategy, not oil, is beginning to dominate Western policy toward Iran.

"A major crisis over strategy is boiling out of the internal mess in Iran. U.S. policy-makers are worried. The map shows the prospect that worries them.

"Iran, as they see it, is in danger of slipping away to Iranian Communists. Premier Mohammad Mossadegh, once rated in Washington as an enemy of the West, now is the virtual dictator of Iran. His Government, still wobbly, is the only visible barrier to Communism in Iran.

"Premier Winston Churchill of Great Britain has said that the West could lose more in Iran than in Korea, where a shooting war is ranging. Many U.S. strategists agree.

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1 [illegible]ter, A.F.P. and U.P.A., Tehran, November 1, 1952.

"A Communist Iran would automatically extend the frontier of Russia's empire into the heart of the Middle East. The link between the non-Communist West and the non-Communist East would be broken. Sea-routes would be threatened as Iran's warm-water ports were opened to Russia. And Iran itself would become just another Soviet satellite, a new base for Soviet power.

"Geographically, Iran is a high table-land topped by 16,000-foot mountains. Seventy per cent of the country produces nothing at all. Ninety per cent of the 18 million Iranians are desparately poor. Yet the country is the land-link between East and West, a weak keystone in the Middle of Western defences from the Pacific to the Atlantic.

"As a military power, Iran is unimportant. Its armed forces have trouble keeping order within the country. But Iran's strategic value to Russia is a nightmare to Western leaders.

"From painful experience, Western strategists know that Moscow does what it likes with satellite countries. Communists, if they took over in Iran, would be expected to "invite" the assistance of Soviet troops in running the country. And Russia in Iran would upset the delicate balance of power in the Middle East.

"Turkey, for example, has a strong land Army, trained and equipped by the U.S., which

is the base of Western defences in the Middle East. But Iran outflanks Turkey and provides easy access to the valley of the Euphrates river, traditional route of conquest from the East to the Mediterranean.

"Iraq and Syria contain little but geography to halt an invasion by a major force moving west from Iran. Britain maintains two air bases in Iraq for fighter planes, nothing else. Top military leaders of the Turkish Army have estimated that a Russian force rolling through Iran and Iraq could reach the Mediterranean in less than 10 days.

"None of the countries between Turkey and the Suez Canal has military forces capable of halting an invasion by a major power. Israel's Army, the best by fighting test, has a force equipped to meet attack only by Arab armies.

"Britain, in Suez, has a force of some 100,000 troops kept there despite the protests of the Egyptians. From this pool, Britain could mobilize three or four divisions of well-equipped desert troops. If Communists take over Iran, however, and Russia's land forces are established in the Middle East, Britain will be forced to build up its strength at Suez.

"The Communist threat in Iran, thus becomes to Western military leaders a Russian threat to seize Suez, a threat to the Mediterranean and to

North Africa, where the U.S. has a big stake in sea and air bases for Europe's defence......"

So much for the apprehension which might lead to reconsideration of the Iranian affairs and revision of the American foreign policy towards that country. The recent landslide victory of General Eisenhower in the American Presidential Elections is considered by many to be just the time for a more effective policy towards Iran where West has "more to lose than in Korea".

END

APPENDIX I

Some Notes for Tourists

I. General[1]

All persons entering Iran must be in possession of valid passports visaed by one of the Iranian consular representatives. Entrance Visa is valid for 30 days, but it can be extended by the local police after arrival.

Members of Touring Clubs or Automobile Associations affiliated to the *Alliance Internationale du Tourisme*, Brussels, or *Association Internationale du Automobile—Clubs Reconnus*, Paris, intending to visit Iran will have no difficulty for the temporary importation of their cars provided they are in possession of a triptych or a *carnet de passages en douanes* issued by their respective clubs or associations. These international documents are valid for two months in Iran, but can be extended with the permission of the Touring Club de l'Iran.

The International Driving Licence is also valid in Iran.

Travellers' luggage consisting of wearing apparel, with the exception of new and unused

1. From the Guide Book of the Department of Publicity and Tourism of Iran.

articles which must be declared, are exempt from Customs duties.

Importation of arms and ammunition of any kind or Iranian currency in excess of 200 rials is prohibited. Each traveller can freely import 75 grammes of pipe-tobacco, 100 cigarettes and 5 cigars.

Cameras, portable typewriters, gramophones and records, binoculars, fishing tackles and accessories thereof and wireless receiving sets can be imported in transit.

The export of monetary values being under control, visitors are required to declare all monetary values (cash, letters of credit, travellers cheques, etc.) in their possession to the Customs authorities, who will register the amounts in their passports. This will enable them to re-export any balance in hand on return.

The exchange of all foreign currency must be done through the authorised official banks of Iran, (Bank Melli, or the Imperial Bank of Iran). For the rates of exchange, please see Transport and Trade.

Transportation.—*Irantour* is the official organization for rendering all sorts of information and facilities to tourists and travellers in the country. The following travel organizations being in connection with *Irantour*, can easily book passages to and within Iran: Wagons-Lits and Thomas

Cook & Son, Limited, Peltours, Compagnia Italiana Tourismo, Orient Lloyd, Dean and Dawson Ltd., American Express Company Inc. and Raymond, Whitcomb Insurance.

There are good hotels in the principal cities (list given at the end of this Chapter) providing all services. The average cost of a room with meals is about 40 shillings or 20 rupees per day.

All foreign nationals must report to the Police in writing about the place of their residence within 48 hours after their arrival in any part of Iran. Special forms for this purpose are available at all hotels.

Antiquities.—An application should be made to the Department of Antiquities (Ministry of Public Instruction, Tehran) for the export of antiquities from Iran giving a list of articles and their respective values. If the articles in question have not been illegitimately procured, an export licence will be issued. Articles more than 150 years old are subject to 15% tax and duty.

The export of Iranian products beyond the limit of personal luggage is considered as merchandise and is liable to Customs formalities. It is equally prohibited to export more than 200 rials of the Iranian currency.

Departure Visa.—In order to leave the country, visitors should be in possession of an exit-visa obtainable at the Police headquarters. Persons

leaving Tehran are required to have a permit called *Javaaz*, besides the exit-visa. For this they should apply to the Police with their passports and two photographs giving at least 24 hours' prior notice. *Javaazes* are examined at Karaj and passports at the Frontier posts.

APPENDIX II

Local Information

Iran follows the Solar Calendar which begins with the *Hijrat* of the Prophet to Medina, but the Lunar Calendar (commonly called the Hijra era) is also used for religious functions only. The present year (1952 A.D.) coincides with 1331 of the Iranian year.

There are about 22 official holidays in the year for observing the national or religious festivals, besides the weekly holidays on Fridays.

The Iranian year begins with Nauruz falling on the 21st March, and has the following twelve months :—

Favardin ... from March 21 to April 20.
Urdi Behisht... from April 21 to May 20.
Khordad ... from May 21 to June 20.
Tir ... from June 21 to July 20.
Mordad ... from July 21 to August 20.
Sharevar ... from August 21 to September 20.
Mihr ... from September 21 to October 20.
Aban ... from October 21 to November 20.
Azar ... from November 21 to December 20.
Dey ... from December 21 to January 20.
Behman ... from January 21 to February 20.
Asfand ... from February 21 to March 20.

The Iranian Standard Time, which is in force throughout the country, is 3 hours and 30 minutes behind the G. M. T.

The Flag.—The colours of the national flag of Iran, according to the Constitutional Law, are green, white and red. The flag bears in the middle the emblem of lion with a sword in its right fore-paw and the rising sun surmounted by the Persian crown at its back. This choice of colours and emblem for the flag is based on historical precedences. Firdausi, the national poet of Iran, in his story of Sohrab and Rustam, has a description of the banners of famous commanders among which was one bearing the figure of a lion, and another a yellow sun. The combination of the lion and sun as a sign of the Zodiac appears on objects of Iranian Art, but the earliest known use of the form as the heraldic device of Iran is on a silver coin of Ghyasuddin Kay-khusraw, minted not long after A.D. 1200. A star tile of the 13th century bears the same device.

Miniature paintings of later periods show Iranian soldiers carrying a banner decorated with the lion and sun. The lion received his sword during the Kajar period when many of the coins bore the insignia.

APPENDIX III

Access Routes

There are four routes by which a traveller can go to Iran from Pakistan. These are given in detail below :

Route I

Zahidan—Meshed—Tehran

Zahidan is 84 Kilometres within the Iranian border. It is connected with all Pakistani stations by the N.-W. Railway's Quetta-Nokundi extension line. This is the frontier-post of Iran where the passports and customs formalities are observed. A traveller will hire a taxi or find a seat in a bus or lorry for Meshed and Tehran.

As the journey between Zahidan and Meshed takes about two days, the traveller should have his bedding, some tinned food and an adequate supply of drinking water in a canvas bag obtainable at Zahidan. Simple food like eggs, cheese, chicken, bread and tea is generally available between these two points at all stoppages which are:

Sefidabeh

Km. 259.—Drinking water is available here; tea shops and garages.

Birjand

Km. 571.—Elevation 1,500 metres. The town is situated on the slope of a hill and is quite picturesque. Night is generally spent here.

Ghaen

Km. 688.—Garages and tea shops.

Juymand

Km. 802.—Village having tea shops.

Torbat Haidari

Km. 936.—A small town situated in a fertile region.

Meshed

Km. 1090.—Elevation 1,066 metres. Population 191,197. It is situated in a broad fertile valley. In the centre of the town is a large golden-domed building with blue minarets. This is the celebrated holy shrine of Imam Reza, the 8th Imam of the Shias, and is the chief place of pilgrimage in Iran. The shrine has a museum and a well-known library attached to it, which contains some remarkable pieces of fine art and rare manuscripts. A very fine and up-to-date hospital exists in the city which is financed by the trust of the shrine.

About 25 kilometres north of Meshed, and connected by regular bus service, is the old city of Tus where the tomb of the great national poet of Iran, Firdausi, exists. It is an impressive and dignified monument built on sound architectural principles.

The journey from Meshed to Tehran usually takes two to three days. The total distance is 941 kilometres and the intermediary points are : —

Ghadam Gah

Km. 1167.—Here is an important building which is considered as the prototype of the Taj Mahal at Agra in India. It is a double storied octagonal domed building housing a huge piece of stone which is believed to possess some magical qualities. Pilgrims stop here to visit the place.

Nishapur

Km. 1207.—It is one of the most ancient towns in the country. Its present population is about 28,104, and has numerous caravanserais, mosques and ancient monuments. Three kilometres to the north-east of the town is the tomb of Imam Mohammad Mahrugh, the brother of Imam Reza. Adjoining this tomb is the mausoleum of Omar Khayyam, the great poet and philosopher of Iran. Another place worth a visit is the tomb of Shaikh Farid-ud-Din Attar.

Sabzevar

Km. 1326.—Elevation 1,038 metres. Population about 34,446. There are several copper mines in the vicinity of this town.

Mehr

Km. 1377.—Here is a superb caravanserai which belongs probably to the time of Shah Abbas the Great (16th Century).

Davarzan

Km. 1409.—Garage, tea shops, etc.

Mianey

Km. 1531.—Elevation 1,473 metres. Population about 85,000. Partridges are abundant in this area. Tea shops.

Shahrud

Km. 1599.—Elevation 1,473 metres. It is an important commercial town with a population of about 20,000 people. It is the present terminus of the Railway linking it with Tehran. From here the Railway will be extended to Meshed and on to Zahidan in due course.

Damghan

Km. 1670.—Elevation 1,300 metres. Population about 10,000. Tea shops, etc. It is considered as one of the oldest cities of Iran, known to the Greek historians as Hecatompylos or the city of 100 gates.

Semnan

Km. 1788.—With about 33,305 people. Tea shops, etc.

Firuzkuh

Km. 1868.—Elevation 1,860 metres. Junction of the Railway line going up to the Caspian Sea. Restaurants, etc.

Roudehen

Km. 1961.—Village with a number of tea shops. Six kilometres to the north-east of this

place are excellent mineral springs where a sanatorium has been built.

Tehran

Km. 2009.—(See Chapter IV.)

Route II

Zahidan—Yazd—Tehran

The traveller going by this route should possess a powerful motor-car, not under 20 H. P. equipped with over-size tyres and provided with large water and petrol tanks. Petrol is usually obtainable at Bam. It is also advisable to carry a wooden board and a long strip of matting, as some parts of the road between Zahidan and Bam are sandy and at times obstructive. The intermediary stoppages are :

Bam

Km. 440.—Elevation 1,160 metres, population 16,174. It is an ancient town through which Alexander the Great passed on his way back from India. The citadel is of great interest. Tea shops, restaurants, garages.

Kerman

Km. 642.—Elevation 1,893 metres. Population about 52,713. It is the capital of the province of Kerman. Kerman was known to the ancient world as Carmania, and dates from the remote ages. Carpet-weaving is the principal industry of this town ; copper vessels of fine workmanship are also found in its bazaars.

Rafsanjan

Km. 762.—Elevation 1,696 metres. Population about 9,721. It is situated in an agricultural area. Tea shops.

Yazd

Km. 1012.—Elevation 1,350 metres. Population about 58,028. The town is famous for the Iranian silk-weaving industry. Articles of ordinary necessities are obtainable here. Restaurants, garages, etc.

From Yazd to Qum the road is good, and offers no obstacles.

Naein

Km. 1180.—Elevation 1,226 metres. Population about 6,325. Tea shops.

Natanz

Km. 1357.—Elevation 1,890 metres. Population about 3,500. It is the centre of a large agricultural district. Excellent pears grow here in abundance. Tea shops.

Kashan

Km. 1432.—Elevation 1,130 metres. Population 56,659. It is the capital of the province of Kashan. The tile-work known as 'Kashi' owes its origin to this place. Fine carpets and velvet are produced in this town. Fruits of excellent quality are available here Tea shops, restaurants and garages.

Qum

Km. 1537.—Elevation 1,050 metres. Population about 88,717. It is one of the famous places of pilgrimage in Iran, as the sacred shrine of Hazrat Fatemeh-el-Masumeh, the saintly sister of Imam Reza, exists here. The place has attained further importance as a railway line is being constructed from here to Yazd, which will ultimately be linked up with the Pakistan N.-W. Railway terminating at Zahidan. Qum is already connected with Tehran by the Trans-Iranian Railway.

The road from Qum to Tehran is quite good, and it takes three to four hours to reach by car.

Tehran

Km. 1684.—(See Chapter IV.)

Route III

By sea from Karachi or Bombay to Iran.

Route IV

By air from Karachi to Iran.

Please see Chapter VII, for details.

APPENDIX IV

A Tour of Iran

As about a fortnight's sojourn in Iran is considered to be the minimum period required for visiting the most important and interesting places in the country, a tour has accordingly been drawn up by the Department of Publicity and Tourism of Iran, which is being reproduced here for the benefit of the tourists. This tour programme begins from Pahlavi in the north and concludes at Khusravi in the west, covering thus the Nothern Provinces of Gilan, Mazenderan, Tehran (the Capital), Qum, Isfahan, Persepolis, Shiraz, Sultanabad, Hamadan (ancient Esbatana), Kermanshah and Qasr-i-Shirin. The same programme can also be observed in the reverse form from Khusravi to Pahlavi, as will be seen under Tour 'B' given on page 120.

Tour 'A'—15 Days

1st day.—Arrival at Pahlavi on the Caspian Sea by steamer. Customs and passport formalities. Departure for Resht; visit *en route* the small town of Quazian and, if possible, see its famous fisheries.

Lunch at Resht

Resht, capital of the province of Gilan, is the centre of rice cultivation and silk industry. A

short tour of the town. Departure at about 3 p.m. for Ramsar passing through Lahijan, a district where very fine tea is grown. The distance between Pahlavi and Ramsar is 156 kilometres.

Night at Ramsar

2nd day.—Visit Ramsar situated on the slopes of the Alborz mountains, a health-resort famous for its hot springs. There is a sanatorium for the treatment of rheumatism, arthritis, neuralgia and paralysis.

Departure at 10 a.m. over the coastal road to Chalus visiting *en route* Shahsavar, a port of some importance in the region of Tonkaban, famous for oranges.

Lunch at Chalus

Departure for Naushahr, a new port on the Caspian. Proceed to Babulsar, a port in the province of Mazenderan. In Babulsar (old Mashadsar) there is a modern casino and hotel, as well as fine beach for swimming and quite an extensive organization of fisheries where excellent caviar is produced. The distance between Ramsar and Babulsar is 198 kilometres.

Night in Babulsar

3rd day.—Departure for Babul visiting the bazaar and the shrine of Imamzadeh Qasim. Departure for Tehran *via* Shahi situated on the Talar River. Shahi is attaining importance due to its possessing a sugar refinery and a textile mill.

Lunch en route

The way will lie through Firuzkuh (elevation 1,800 metres) which is an important junction of the Trans-Iranian Railway. Travellers will here be able to travel by train from Bandar Shah-Babul-Firuzkuh to Tehran, a distance of 462 kilometres, if they desire.

Night in Tehran

4th and 5th day.—Sight-seeing in and around Tehran, capital of the Iranian Empire. Visit the Royal Museum at the Gulistan Palace, housing the famous Peacock and other historic thrones, the National Museum, the Mosque of Sipah-salar, the bazaars, and some of the palaces outside the town, like the Qasr-i-Qajar, etc.

A short trip to Rey, the site of the capital of Iran during the Parthian period, about 12 kilometres away from the town. See also the golden-domed shrine of Shah Abdul Azim.

6th day.—Motor to Isfahan via Qum which is one of the most sacred cities of Iran on account of the shrine of Fatemeh-el-Masumeh, sister of the 8th Imam. It attracts thousands of pilgrims every year. The shrine is of great beauty, and has also a museum within its vicinity, containing priceless art treasures. The distance between Isfahan and Tehran is 415 kilometres.

Night in Isfahan

7th day.—Isfahan, capital of the Safavi dynasty, is one of the most glorious cities of the

past, and offers a wide field for the study of the Islamic architecture and art. The Temple of Mars, the Maidan-i-Shah, the Mosque of Shaikh Lutfullah, and the Jame Mosque are some of the famous monuments to be seen. The Allah Verdi and Khaju bridges span over the Zandeh Rud river.

Night in Isfahan

8th day.—Proceed to Shiraz, a distance of 480 kilometres. On the way not far from Shiraz, you will see Persepolis, but due to the length of the journey, a visit to the place must be left for the next day.

Night in Shiraz

9th and 10th day.—Visit the town. See the tombs of Saadi and Hafiz, two of the greatest poets of Iran, the Jame Mosque, and the Karim Khan Bazaar. Motor to Persepolis, a distance of 60 kilometres, visiting *en route* Band-i-Amir (the dam, waterfall and village). Persepolis was built 2500 years ago by Darius the Great of the Achæmenian dynasty. Visit there the excavation made by the Oriental Institute of the University of Chicago, America. Visit the colossal statuary, harems, palaces and ruined tombs which are being excavated and restored. Also see the Naqsh-i-Rustam, tomb of Darius and Zoroaster, the Old Fire Temple, and the valley of the tombs.

Night in Shiraz

11th day.—Return to Isfahan, a distance of 480 kilometres.

Lunch en route
Night in Isfahan

12th day.—Visit Chehel Sutun, the Palace of Ali Qapu, the Shaking Minarets, the Julfa Cathedral and its Museum, Medressa-i-Chahar Bagh, etc.

Night in Isfahan

13th day.—Motor *via* Khonsar and Gulpaigan to Sultanabad, a distance of 288 kilometres. Sultanabad is one of the most important centres of the rug industry.

Night in Sultanabad

14th day.—Proceed to Hamadan, a distance of 184 kilometres. Hamadan (ancient Ecbatana) is situated in one of the most fertile districts of Iran. Visit the town and see the tomb of Esther and Morodohai, the tower of Alavian with its beautiful stucco work and Stone Lion, a little outside the town.

Night in Hamadan

15th day.—Proceed to Kermanshah, a distance of 186 kilometres, visiting *en route* the Bihstun and the caves of Taq-i-Bustan with their *bas-reliefs.* The road goes over the Assadabad Pass 3,000 metres above sea level.

Lunch at Kermanshah

Proceed to Khusravi (Iranian Frontier) a distance of 207 kilometres. Customs and passport formalities. Thence to Khaneqin and Baghdad.

Tour 'B' – 15 Days

1st day.—Arrival at Khusravi (Iranian Frontier). Customs and passport formalities. Departure for Hamadan, a distance of 393 kilometres.

Lunch in Kermanshah

Leave for Hamadan visiting *en route* the Bihstun and the caves of Taq-i-Bustan with their *bas-reliefs.* The road goes over the Assadabad Pass 3,000 metres above sea level.

Night in Hamadan

2nd day.—Hamadan, anceint Ecbatana, is situated in one of the most fertile districts of Iran. Visit the town and see the tomb of Esther and Mordohai, the tower of Alavian with its beautiful stucco work and the Stone Lion, a little outside the town.

Proceed to Sultanabad, one of the most important centres of the rug industry, a distance of 184 kilometres.

Lunch en route
Night in Sultanabad

3rd day.—Start for Isfahan *via* Gulpaigan and Khonsar, which is only 288 kilometres distant.

Lunch en route
Night in Isfahan

4th day.—Isfahan, capital of the Safavi dynasty, is one of the most glorious cities of the

past and offers a wide field for the study of the Islamic architecture and art. The Temple of Mars, the Maidan-i-Shah, the Mosque of Shaikh Lutfullah, and the Jame Mosque are some of the famous monuments to be seen. The Allah Verdi and Khaju bridges span over the Zandeh Rud river.

Night in Isfahan

5th day.—Proceed to Shiraz, a distance of 480 kilometres. On the way, not far from Shiraz, you will see Persepolis, but due to the length of the journey, a visit to the place must be left for the next day.

Night in Shiraz

6th and 7th day.—Visit the town. See the tombs of Saadi and Hafiz two of the greatest poets of Iran, the Jame Mosque, and the Karim Khan Bazaar. Motor to Persepolis, a distance of 60 kilometres, visiting *en route* Band-i-Amir (the dam, waterfall and village). Persepolis was built 2,500 years ago by Darius the Great of the Achæmenian dynasty. Visit there the excavations made by the Oriental Institute of the University of Chicago, America. Visit the colossal statuary, harems, palaces and ruined tombs which are being excavated and restored. Also see the Naqsh-i-Rustam, tombs of Darius and Zoroaster, the Old Fire Temple, and the valley of the tombs.

Night in Shiraz

8th day.—Return to Isfahan, a distance of 480 kilometres.

Lunch en route
Night in Isfahan

9th day.—Visit Chehel Sutun, the Palace of Ali Qapu, the Shaking Minarets, the Julfa Cathedral and its Museum, Medressa-i-Chahar Bagh, etc.

Night in Isfahan

10th day.—Motor *via* Qum to Tehran, a distance of 415 kilometres.

Lunch en route

Qum is one of the most sacred cities of Iran on account of the shrine of Fatemeh-el-Masumeh, sister of the 8th Imam. It attracts thousands of pilgrims every year. The shrine is of great beauty, and has also a museum within its vicinity, containing priceless art treasures.

Night in Tehran

11th and 12th day.—Sight-seeing in and around Tehran, capital of the Iranian Empire. Visit the royal Museum at the Gulistan Palace, housing the famous Peacock and other historic thrones, the National Museum, the Mosque of Sipah-salar, the bazaars, and some of the Palaces outside the town, like the Qasr-i-Qajar, etc.

A short trip to Rey, the site of the capital of Iran during the Parthian period, about 12 kilometres away from the town. See also the golden-domed shrine of Shah Abdul Azim.

Night in Tehran

13th day.— Proceed to Babulsar, a distance of 291 kilometres. The way will lie through Firuzkuh (elevation 1800 metres) which is an important junction of the Trans-Iranian Railway. Travellers will here be able to travel by train from Tehran-Feruzkuh-Babul to Bandar Shah, a distance of 463 kilometres, if they desire.

Visit *en route* Shahi situated on the Talar River. Shahi is attaining importance due to its possessing a sugar refinery and a textile mill.

Lunch en route

Night in Babulsar

In Babulsar there is a modern casino and hotel as well as a fine beach for swimming, and quite an extensive organization of fisheries where excellent caviar is produced.

14th day.—Proceed to Ramsar, a distance of 198 kilometres. Visit *en route* the new port of Naushahar.

Lunch in Chalus

Departure for Shahsavar, a port of some importance in the region of Tonkaban, famous for oranges.

Ramsar is situated on the slope of the Alborz mountains. It is a health resort famous for its hot springs. There is a sanatorium for the treatment of rheumatism, arthritis, neuralgia and paralysis.

Night in Ramsar

15th day.—Departure for Pahlavi, a distance of 156 kilometres visiting *en route* Rud-i-sar and Lang-i-rud, two coastal towns, and Lahijan, a great centre for the tea-plantation.

A short trip of the town of Resht, capital of the province of Gilan and the centre of rice cultivation and silk industry. Departure for Pahlavi *via* Quazian to board the steamer for Baku after having gone through the Customs and passport formalities.

APPENDIX V

HOTELS RECOMMENDED

Town	'A' Class Hotels	'B' Class Hotels	'C' Class Hotels
Tehran ...	Park, Ritz, Firdausi, Rex, Palace and Darband.	Gilan, Gilan-i-Nau and Balwar	Crystal, Lalehzar-i-Nau, Novin.
Qazvin ...	Grand	Qazvin	Tabriz
Hamadan ...	Bu Ali	Iran	Roshan
Kermanshah ...	Bisotton	Jahan	Goran
Qasre Shirin ...	Kerand	Jomeh	Afkhani
Qum ...	Iram	Mihan	Islam
Ahwaz ...	Mohammadi	Firdausi	Iqbal
Khorramshahr ...	Parsi	Gulistan	Firdausi
Meshed ...	Toos and Bakhtar	Quds	Miami

APPENDIX VI

Cost of Living

(As in 1951-52)

I. Food :—

		Rials
1. Hotels 'A' Class		
Breakfast	... ...	20
Lunch	... ...	40
Dinner	... ...	50
2. Hotels 'B' Class		
Breakfast	... ...	17
Lunch	... ...	34
Dinner	... ...	42
3. Hotels 'C' Class		
Breakfast	... ...	15
Lunch	... ...	30
Dinner	... ...	37

Note.—10 per cent service charges may be added to the cost of food served in all hotels.

II. Rent (per day) :—

(*a*) **Hotels 'A' Class :—**

		Rials
1. Single Room	... ...	60
2. Double Room	... ...	90
3. Single Room with attached bath-room	... ...	100
4. Double Room with attached bath-room	... ...	120
5. Additional Bed	... ...	30

(*b*) **Hotels 'B' & 'C' Classes :—**

	'B' Class Rials	'C' Class Rials
1. Single Room	... 40	... 36
2. Double Room	... 50	... 45
3. Additional Bed	... 15	... 13

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